

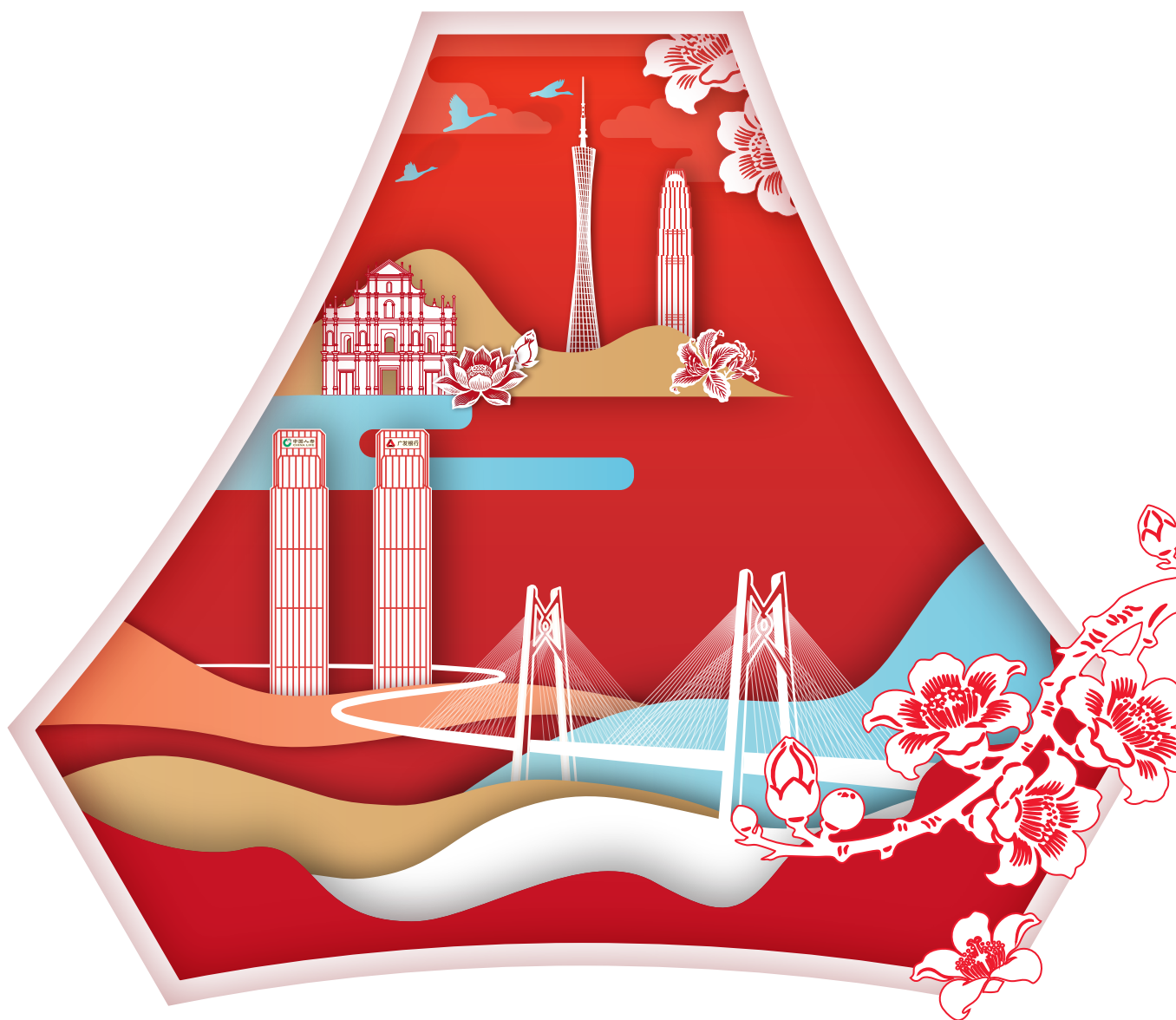


中国人寿
CHINA LIFE



广发银行
CHINA GUANGFA BANK

— 保 险 · 投 资 · 银 行 —



CHINA GUANGFA BANK

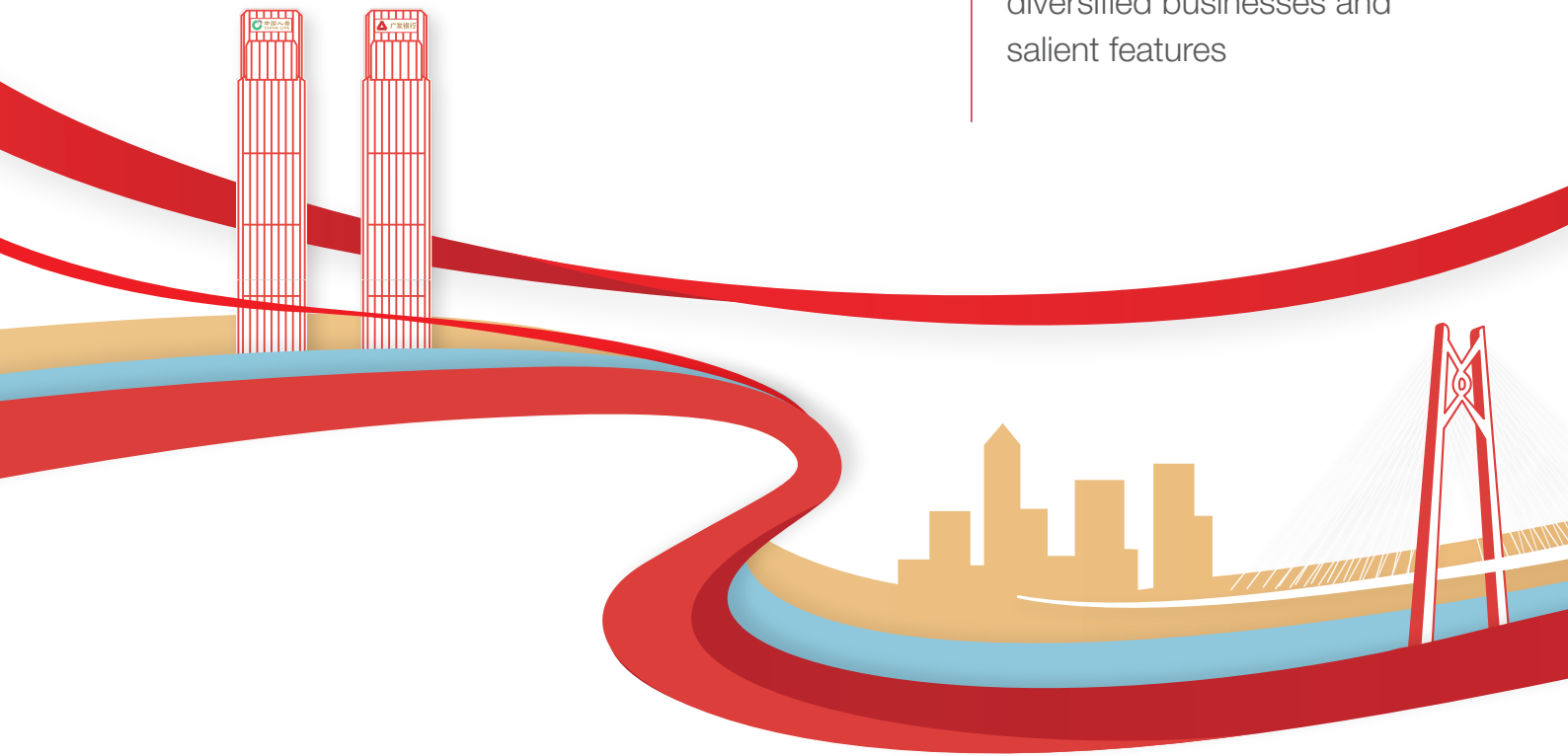
2025 ANNUAL REPORT



— 保险 · 投资 · 银行 —

Vision

To build a first-class commercial bank among peers, with full functionality, diversified businesses and salient features



Mission

Serving customers
Rewarding shareholders
Fulfilling the value of employees
Making contributions to society

Core Values

Faithfulness Responsibility
Innovation Conscientiousness

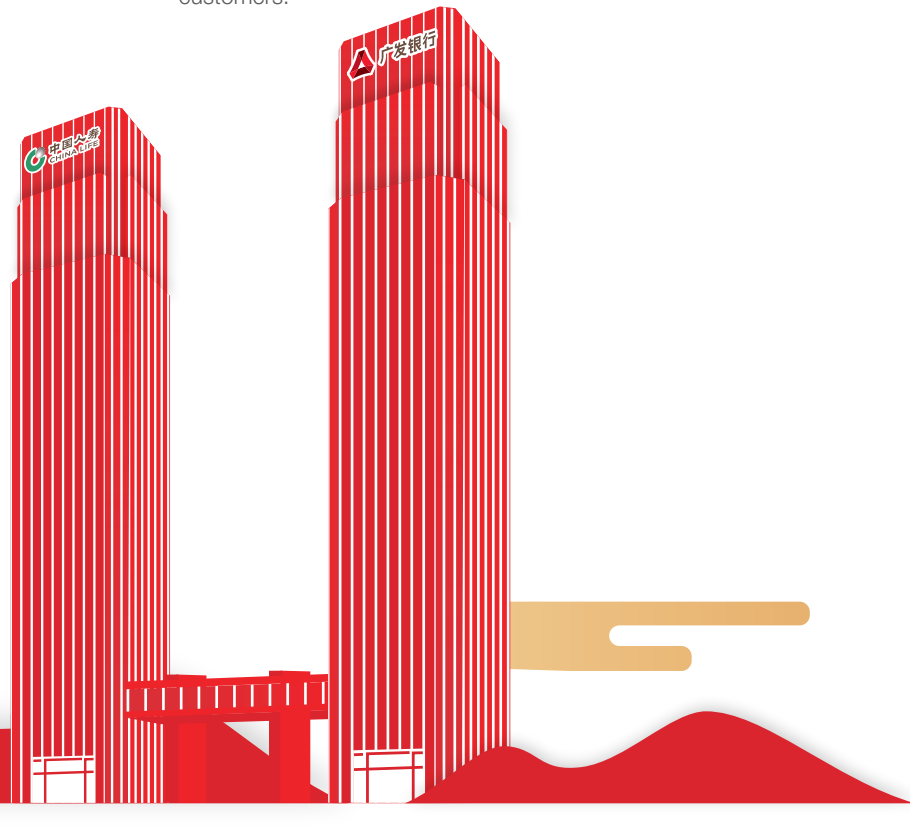


2025

Introduction of the Bank

Established in 1988, China Guangfa Bank is one of the earliest incorporated joint-stock commercial banks in China. In August 2016, China Life became the single largest shareholder of China Guangfa Bank, followed by the Ministry of Finance taking a direct equity stake in the Bank in 2022. By the end of 2025, state-owned shares accounted for over 95% of the total. As a member unit of China Life Group, the Bank leverages its strong backing from China Life and its deep roots in the Greater Bay Area to serve as a key driver of China Life Group's high-quality development, an important pillar of its comprehensive finance services, and a leading banking institution serving the Guangdong-Hong Kong-Macao Greater Bay Area.

As of the end of 2025, the Bank has established 49 branches across 27 provinces (autonomous regions and municipalities) including Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan, Chongqing, Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, covering 116 cities at or above the prefecture level, and in the Hong Kong and Macao Special Administrative Regions. The Bank has also established two specialized institutions, namely a Credit Card Center and a Fund Operation Center, along with a wholly owned subsidiary, CGB Wealth Management, with a total of 957 business offices. Furthermore, the Bank has established SWIFT RMA relationship with nearly 1,000 banking institutions in 90 countries and regions. The Bank's high quality, efficient and comprehensive financial services have covered 570,000 corporate customers, more than 70.00 million debit card customers and 125 million credit card customers.



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Important Notice

- The Board of Directors, Directors, and Senior Executives of the Bank confirm that the contents in this annual report are true, accurate and complete and have no false representations, misleading statements or material omissions, and they severally and jointly undertake legal responsibility for such contents.
- The Annual Report 2025 of China Guangfa Bank Co., Ltd. was reviewed and approved by the 24th meeting of the 10th session of the Board of Directors of the Bank.
- BDO CHINA Shu Lun Pan Certified Public Accountants LLP audited the Bank's 2025 financial statements prepared in accordance with the PRC Generally Accepted Accounting Principles, and issued a standard auditor's report with unqualified opinions. Meanwhile, BDO CHINA Shu Lun Pan Certified Public Accountants LLP audited the Bank's 2025 financial statements prepared according to relevant requirements of the International Financial Reporting Standards (IFRSs), and issued a standard auditor's report with unqualified opinions.
- The Bank (as a legal person) made an after-tax profit of RMB12.773 billion in the audited 2025 financial statements. After the deduction of the dividends of RMB1.201 billion on unfixed term capital bonds, the after-tax profit distributable for ordinary shareholders for the year was RMB11.572 billion. The Bank planned to appropriate RMB1.277 billion at 10% of after-tax profit to the statutory surplus reserve, and RMB317 million at 1.5% of the closing balance of risk assets to the general risk reserve. As of the dividend benchmark date, a cash dividend of RMB0.659 (tax inclusive) per every 10 shares will be paid to all shareholders of record, amounting to RMB1.436 billion. The above profit distribution plan is subject to the review and approval at 2025 annual general meeting of the Bank.
- This report is prepared in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail.
- Forward-looking statements relating to the Bank's future financial position, operating performance, business development and business plan in this report do not constitute any substantive commitments. The Bank's actual operating performance and development may differ from forward-looking statements due to various factors and uncertainties.
- The risks faced by the Bank in the course of business mainly include credit risk, market risk, bank account interest rate risk, liquidity risk, operational risk, country risk, reputation risk, strategic risk, compliance risk and information technology risk. The Bank has taken various measures to effectively manage and control various business risks. For details, please refer to the disclosure in "Management Discussion and Analysis".

Lin Zhaohui, Legal Representative, Li Xiaoshui, Vice President in charge of finance and Sun Guangming, Head of Finance and Accounting Department, hereby make representations in respect of the truthfulness, accuracy and completeness of the financial statements in the Bank's Annual Report 2025.

Definitions

In this report, unless the context otherwise requires, the following terms have the meaning set forth below:

The Bank/the Group	refers to	China Guangfa Bank Co., Ltd., or China Guangfa Bank Co., Ltd. and its subsidiaries
Articles of Association	refers to	Articles of Association of China Guangfa Bank Co., Ltd.
China Life Group	refers to	China Life Insurance (Group) Company
PBOC	refers to	The People's Bank of China
Former CBIRC	refers to	Former China Banking and Insurance Regulatory Commission
CGB Wealth Management	refers to	CGB Wealth Management Co., Ltd.
RMB	refers to	Renminbi



Chairman's Statement

In 2025, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, China Guangfa Bank thoroughly implemented the guiding principles of the 20th CPC National Congress and the subsequent Plenary Sessions of the 20th CPC Central Committee. In close alignment with the Group's "333 Strategy", the Bank actively served economic and social development, forged ahead amidst reform and transformation challenges, improved operational quality and efficiency through stronger support for the real economy, and made new progress in achieving high-quality development.

Party building served as the guiding force, uniting hearts and forging the shared spirit. We thoroughly studied and implemented General Secretary Xi Jinping's important discourses on financial work, unwaveringly following the path of financial development with Chinese characteristics. We deeply advanced the comprehensive and rigorous governance of both the Party and the Bank, leveraging high-quality Party building to drive high-quality development. We earnestly carried out educational initiatives to deeply implement the guiding principles of the Central Eight-Point Regulation, ensuring the normalization and long-term effectiveness of conduct improvement. Furthermore, we improved our corporate governance system and completed governance structure reforms. By optimizing the "Shareholders' General Meeting, Board of Directors and Senior Management" framework, we advanced the organic integration of Party leadership and corporate governance.

Taking the initiative to serve the broader national agenda. We actively upheld the political nature and people-oriented philosophy of financial work, and earnestly advanced the "Five Major Sectors" of finance. We contributed to expanding effective investment and supported the construction of "Two Priorities" (major national strategies and security capacity-building projects). For the year, corporate loans increased by RMB190.8 billion, reaching a record high in incremental growth. We vigorously supported the development of new quality productive forces, fostering deeper integration between technological and industrial innovation. Outstanding balances of technology loans, loans for strategically emerging industries, and green loans grew by 25.3%, 20.7%, and 40.6%, respectively. We expanded the reach of financial services, with balances of loans to inclusive small and micro enterprises reaching RMB212.6 billion. We launched the nation's first "GBA Integrated Card", combining social security, transportation, and financial functions to promote the Guangdong-Hong Kong-Macao Greater Bay Area's "hard connectivity (infrastructure), soft connectivity (rules/standards) and heart connectivity (people-to-people bonds)". In addition, we opened a total of 3.46 million individual pension accounts, maintaining a leading position among joint-stock banks.

Achieving steady progress in business operations. We proactively responded to market dynamics and adjusted our business structure. Total assets maintained steady growth, liability costs were effectively contained, and the net interest margin showed marginal improvement. We successfully issued RMB35 billion in Tier 2 capital bonds, bringing the capital adequacy ratio to 14.4%. Assets under management for individual customers, bond investments, and custody assets for public and private funds all surpassed RMB1 trillion. Collaborative innovation continued to deepen as we advanced

the digital integration of customer resources and leveraged the Group's strengths in comprehensive financial services. The scale of premiums from new regular-premium policies distributed as an agent for the China Life system maintained rapid growth, ranking first among joint-stock banks for five consecutive years. The annual scale of insurance investment introduced for customers exceeded RMB200 billion. We promoted "AI+" innovative applications, rolling out large model scenarios in operations, retail banking, and risk control and compliance, and made new strides in digital and intelligent empowerment.

Maintaining solid and effective risk prevention and control. We insisted on embedding risk control throughout the entire process of operations and management, simultaneously resolving existing risks and curbing new ones, achieving a sustained "double decline" in both the balance and the ratio of non-performing loans (NPLs). We implemented reforms to the credit approval system and accelerated the development of the internal rating system. Adhering to prudent and compliant operations, we closely aligned with the "Five Musts and Five Must-Not" principles of Chinese-style financial culture to reinforce the baseline for compliant business conduct. Guided by a people-centered philosophy, we earnestly prioritized consumer protection through strengthened source governance, significantly reducing total complaints and advancing to a higher tier in the annual regulatory evaluation.

2026 marks the beginning of the 15th Five-Year Plan and a critical year for China Guangfa Bank's transformation and breakthrough. The Bank will firmly implement the major decisions and deployments of the CPC Central Committee, actively embrace the strategy of building China into a leading financial power, and keep firmly in mind the "great concerns of the nation". We will actively engage in the main arena of economic development, leverage our advantages of strong backing from China Life and deep roots in the Greater Bay Area, and strive to build ourselves into a leading bank serving the Guangdong-Hong Kong-Macao Greater Bay Area. We will remain focused on value creation to drive operational transformation and structural adjustment, solidify the fundamentals of our corporate and retail banking, and cultivate new growth poles such as financial markets and interbank business. We will play the leading role in the GBA coordination mechanism to drive further breakthroughs in collaborative innovation. We will implement the "Four Early" requirements and build a comprehensive, proactive, penetrating, and intelligent risk control system to a high standard. Furthermore, we will comprehensively advance digital and intelligent transformation, focusing on data, algorithms, computing power, platforms, ecosystems, and scenarios to create a new paradigm for digital finance and give the Bank's innovative development a strong technological foundation.

Setting sail across vast oceans, we stride forward with determination to embark on a new journey. China Guangfa Bank will remain true to its original mission of serving the people through finance, firmly uphold and practice a correct view of political achievement, strive to build new competitive advantages and achieve fresh breakthroughs on this new path, and write a new chapter of high-quality development for the 15th Five-Year Plan.

Cai Xiliang Chairman



President's Statement

2025 marked the concluding year of the 14th Five-Year Plan. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, China Guangfa Bank thoroughly implemented the decisions and arrangements of the CPC Central Committee and deeply advanced the Group's "333 Strategy". The Bank maintained steady progress in business operations and further consolidated its management foundation. For the full year, the Bank recorded operating income of RMB63.94 billion and net profit of RMB13.03 billion. Notably, both the balance and ratio of non-performing loans (NPLs) declined, and business transformation made solid progress.

Strengthening political leadership, we advanced comprehensive and strict Party governance in depth. We thoroughly studied and implemented the spirit of General Secretary Xi Jinping's important speeches, instructions, and directives, and continuously enhanced our political consciousness to maintain the "Two Upholds". We carried out the educational campaign on the Central Eight-Point Regulation in a solid manner, strictly enforced conduct rectification, discipline, and anti-corruption efforts, and advanced rectification and improvement in an integrated way, thereby constantly reinforcing the strict atmosphere of Party governance. We also steadily advanced the Party Building-led Foundation Strengthening Project, strengthened the cadre and talent workforce, and adopted multiple measures to improve the quality and efficiency of Party building work.

Staying true to core responsibilities and primary business, we served the overall agenda of economic and social development. Focusing on key areas and weak links, we stepped up targeted financial support. Solid progress was made in advancing the "Five Major Sectors" of finance. Specifically, the balances of technology loans, green loans, and loans to inclusive small and micro enterprise grew by 25.3%, 40.6%, and 8.4%, respectively. Cumulative individual pension accounts reached 3.46 million, and we launched the "GBA Integrated Social Security Card". New progress was made in digital finance, with 158 large model business scenarios implemented. In support of major national strategies, new credit extended to the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Greater Bay Area exceeded RMB100 billion, and an implementation plan to boost consumption was issued. We also implemented measures to support stable foreign trade, with overseas payment on behalf and cross-border direct loans growing by 22%.

Adhering to the bottom-line thinking, we continued to strengthen risk control and compliance management. We focused on enhancing our comprehensive, proactive, penetrating, and intelligent risk management capabilities, moved the risk defense line forward to prevent and defuse risks in key areas, and intensified the collection and disposal of non-performing assets. We intensified risk management and resolution efforts in credit card business, driving a continued decline in the NPL ratio of real estate loans. We also initiated reforms in credit approval systems by establishing a "Business Principal + Dedicated Loan Approver" mechanism to enhance the independence and professionalism of credit approvals. Furthermore, we standardized internal control and compliance management by conducting root-cause analysis and addressing root issues in response to prominent problems, issuing compliance management measures, and fully staffing compliance officers at both Head Office and branch levels to solidify the foundation of compliance management across the Bank.

Driving reform and transformation, we pooled collective wisdom and strength to tackle development challenges head-on. The Head Office identified 12 key strategic topics, with senior management taking ownership to spearhead targeted breakthroughs and explore new pathways for differentiated and high-quality growth. We established a resource allocation and evaluation system grounded in value creation, and pioneered innovative service models, including direct management for top-tier strategic clients and integrated "sales, interbank, custody and investment" collaboration mechanisms. By advancing the coordinated development of our client base and service ecosystem, we also initiated the development of the "China Life One-Account" wealth management platform. In parallel, we propelled digital and intelligent transformation, promoting the deep integration of technology and business, exploring the practical implementation of "AI+" initiatives, and cultivating new drivers for sustainable growth.

2026 marks the beginning of the 15th Five-Year Plan and a pivotal year for fully implementing the Group's "333 Strategy" and advancing the transformation of China Guangfa Bank. Seizing these valuable development opportunities, the Bank will strengthen Party leadership, pursue reform and innovation with determination, remain firmly focused on its strategic goals, and strive to elevate high-quality

development to new heights. **Highlighting value creation as a clear guiding principle.** We refine the EVA/RAROC-based value management mechanism, using it as a key lever to align risk appetites and value metrics across the Head Office, branches, and all front, middle, and back office functions. This approach serves to steer operational transformation and enhance the quality and efficiency of development. **Leveraging two distinctive advantages of strong backing from China Life and deep roots in the Greater Bay Area.** Building on the Group's multi-license capabilities, we accelerate the cultivation of a differentiated competitive edge by offering comprehensive, client-oriented financial solutions that integrate insurance, investment, lending, equity and bond services. In response to the growing demand for cross-border financial services in the Greater Bay Area, we organize coordinated marketing initiatives and collaborative innovation among China Life Group's member units in the region, striving to strengthen China Life's brand in cross-border financial services. **Building three key engines to drive development.** Drawing on China Guangfa Bank's unique resource strengths, we are focused on cultivating and expanding two new growth poles, namely corporate finance, and financial markets and interbank business. At the same time, we are advancing the transformation of our overall retail banking operations and revitalizing our credit card business. By integrating into the Group's wealth management ecosystem through the "China Life One-Account" platform, we aim to redefine and strengthen our competitive advantage. **Forging four core professional capabilities.** Aligning with the transformation and development goals of the 15th Five-Year Plan, we are committed to cultivating industry-leading strengths and distinctive comparative advantages in collaborative innovation, cross-border services, risk management, and technological enablement.

Embarking on a new journey, China Guangfa Bank will move forward with renewed vitality and determination to overcome challenges. Guided by diligent governance and a pragmatic approach, the Bank is committed to forging ahead and writing a new chapter of high-quality development under the 15th Five-Year Plan.

Lin Zhaohui President



Operation and Management Themes

Party Building



The Bank followed the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, fully implementing the spirit of the 20th CPC National Congress and the subsequent Plenary Sessions of the 20th CPC Central Committee. It earnestly carried out the arrangements of the Central Economic Work Conference and the National Financial Work Conference. The Bank accurately grasped the overarching requirements for Party building in the new era, firmly assumed its political responsibility for exercising full and rigorous Party self-governance, and promoted the comprehensive and strict governance of the Party with a spirit of reform and high standards, thereby providing a strong political foundation for the Bank's high-quality development.



Upholding political guidance

The Bank upheld and strengthened the Party's overall leadership, taking a clear-cut political stance. It strictly implemented the "Top Priority" agenda system, thoroughly studied and implemented the guiding principles of General Secretary Xi Jinping's important speeches, instructions and directives, and continuously enhanced its political consciousness to firmly uphold the "Two Establishments" and resolutely achieve the "Two Upholds". The Bank integrated the study of Xi Jinping: The Governance of China (Volume V), the guiding principles of the Third and Fourth Plenary Sessions of the 20th CPC Central Committee, and Selected Works of Xi Jinping on Economy. Through thematic "illustrative case" seminars and tiered, batch-based training programs, the Bank worked to strengthen its ideological and theoretical foundation. Staying true to the political nature and people-oriented nature of financial work, the Bank resolutely implemented the decisions and plans of the CPC Central Committee, focused on key areas and weak links in the development of the real economy, intensified targeted financial support and made every effort to advance the "Five Major Sectors" of finance.



Conducting strict Governance over the Party and the Bank

The Bank rigorously implemented the main responsibilities for full and strict Party governance. The Bank conscientiously implemented the main responsibility checklist and strictly enforced systems such as reporting and approval mechanism, the principle of democratic centralism, and the "Three Majors and One Large" (major issues, appointment and dismissal of major officers, arrangements on major projects, use of funds in large amount) decision-making system. The Bank also held regular meetings of the Party Committee on comprehensive and strict Party governance and of the Party-building leadership group to ensure the thorough and effective implementation of Party governance responsibilities. The Bank earnestly carried out education activities to further implement the spirit of the Central Eight-Point Regulation, promoting the integrated approach of learning, inspection, rectification, and feedback. The Bank adhered to strict standards in implementing rectifications following the Central Inspection. It also conducted "look-back" reviews and evaluation of rectification effectiveness, closely monitoring key tasks to strengthen follow-up and accountability, ensuring the timely and high-quality completion of all rectification measures. The Bank resolutely rectified formalism and bureaucracy, consolidated and expanded the achievements of the "delivering practical services to the people" initiative, continuously improved the work style of its administrative bodies, strengthened service awareness towards grassroots units, and effectively reduced their burden. The Bank strengthened political oversight, giving full play to the "sharp sword" role of inspections. For the first time, it implemented the joint inspection and audit mechanisms and cross inspections, advancing the concretization, precision, and normalization of political oversight. The Bank established the Audit Committee under the Party Committee to promote the integration and synergy of internal audit, disciplinary supervision, inspection supervision, and internal control reviews.



Strengthening grassroots Party organizations to build strong foundational bastions

Fully implementing the Party's organizational line in the new era, the Bank intensified the development of its cadre and talent teams, explored the use of "talent profiling" and cultivated "all-rounded professionals". The Bank continuously strengthened the supervision and management of leading cadres and key personnel, streamlined mechanism for their promotion and demotion, and fully energized the employees' enthusiasm and vitality for undertaking responsibilities and driving innovation. The Bank steadily advanced the Party Building-led Foundation Strengthening Project, adjusted and optimized the functional setup of Party committees at both Head Office and branch levels, and thoroughly carried out the three-year initiative to enhance the quality of grassroots Party organization development. The Bank carefully organized the implementation of the "Two Verticals and Two Horizontals" mutual learning and promotion model, the development of "small and micro Party branch", and regional mutual learning pilots. It also carried out in-depth work with Party and mass organizations, extended care and concern and support to retired cadres, and conveyed the warmth of the organization.



“Five Major Sectors” of Finance

The Bank deeply implemented the strategic deployment of the Central Financial Work Conference regarding the “Five Major Sectors”, and always adhered to the founding mission of serving the real economy. The Bank unswervingly adopted a bottom-line thinking in preventing and controlling risks. Guided by reform and innovation and driven by technological empowerment, the Bank comprehensively enhanced the efficiency and quality of financial services. Through continuous optimization of service model and enhancement of innovation-driven development, the Bank was devoted to achieving high-quality development, contributing Guangfa’s strength to the stability and sustainable development of the national economy.



Technology Finance

Focusing on the strategic priority of advancing technology finance, the Bank continuously improved its product system, strengthened organizational support, and deepened branch-level practices. As a result, the quality and efficiency of its technology finance services improved steadily. By the end of 2025, the balance of technology loans of the Bank had increased by 25.3% compared to the beginning of the year.

- ▶ **Strengthening coordination and improving the working mechanisms for technology finance.** The Bank formulated and implemented the Guangfa Bank 2025 Technology Finance Work Plan to drive orderly business development. To enhance sector-specific capabilities, it has established 30 technology finance centers across 19 tier-1 branches nationwide, providing comprehensive support for the development of new quality productive forces. Leveraging its strategic advantage as a headquarters-based institution in Guangdong, the Bank deepened collaboration among government, banks, and enterprises, continuously elevating the quality and efficiency of its technology finance services.
- ▶ **Deepening product innovation and building a full-life-cycle service system.** Centered on the financial needs of technology-driven enterprises at different growth stages, the Bank has been committed to providing integrated financial services covering credit, settlement, supply chains, and cross-border transactions. It continuously optimized product and service innovation by launching specialized technology finance products such as the “New Quality Loan”, “Hui Lian Tong (Supply E-Loan)”, and “Hui Lian Tong (Distributor E-Loan)”. Furthermore, the Bank expanded the pilot program for the “manufacturing upgrade plant construction loan” and actively leveraged tools such as scientific and technological innovation refinancing loans and scientific and technological innovation notes, comprehensively advancing the upgrade of its technology finance strategy.
- ▶ **Focusing on key areas and driving branch-specific initiatives.** The Bank supported branches in developing innovative products tailored to regional conditions. Localized solutions such as Guangzhou Branch’s “Yi Qi Yang Fan (益企扬帆)” and Nanning Branch’s “technology industry investment-linked loan (科技产业投联贷)” were successfully implemented. Moreover, branches in Guangzhou, Hangzhou, and Zhaoqing have launched paperless, online business processing for intellectual property pledge services, providing enterprises with convenient financial services. The Bank actively collaborated with local governments to advance joint initiatives in technological innovation. For instance, as one of the first pilot banks participating in Guangzhou’s “Enterprise Co-prosperity Plan (益企共赢计划)”, the Guangzhou Branch effectively aligned its financial services with the specific needs of technology enterprises.
- ▶ **Strengthening group synergy and building an integrated service model featuring “credit + investment + insurance”.** Leveraging the comprehensive financial advantages of China Life Group, the Bank partnered with equity investment institutions within the group, including China Life Investment, China Life Asset Management, and China Life Healthcare Investment, to capitalize on the unique advantage of insurance funds as “patient capital”. Through direct equity investment or scientific and technological innovation funds, it invested in the equity of unlisted technology innovation enterprises, achieving “early-stage, small-scale, and hard-technology investments”. The Bank integrated insurance resources within the group to provide full-spectrum product and service support for technology enterprises, including dedicated corporate insurance, employee group insurance, corporate annuity plans, and health and pension protection services. These offerings helped technology enterprises diversify and mitigate risks, effectively building a solid “firewall” to safeguard their core assets.

Operation and Management Themes



Green Finance

The Bank has consistently and thoroughly implemented the national ecological civilization strategy, actively responded to the national green development initiative, and aligned its efforts with the spirit of the Central Financial Work Conference. It has positioned green finance as a key focus of its business development, steadily advanced the establishment of a green finance system, and put in place long-term mechanisms to consolidate its development foundation. By actively exploring its distinctive development path, the Bank has remained committed to supporting the green transformation and upgrading of the real economy. As a result, its green finance business has achieved remarkable progress.



- ▶ **Improving governance structure and continuously strengthening top-level design.** By clearly defining the strategic importance of green finance, the Bank formulated the “Guangfa Bank Work Plan for High-Quality Development of Green Finance”, which outlines its high-quality development goals and key initiatives. It has ensured effective alignment with regulatory policies to drive the high-quality development of green finance. By the end of 2025, the balance of green credit reached RMB236.3 billion, representing an increase of 40.6% compared to the beginning of the year. By utilizing policy instruments such as the carbon emission reduction facility, the Bank has actively provided funding support for clean energy and energy conservation & environmental protection projects, effectively driving the optimization and upgrading of industrial structures.
- ▶ **Improving product system and deepening product and service innovation.** The Bank has actively promoted a range of green financial products, including green bonds, green investment, green supply chain financing, and green consumption products, while introducing innovative products such as loans pledged against environmental rights and interests. This has enabled it to build an integrated green financial service ecosystem of “Insurance + Banking + Investment”. The Bank has also actively explored innovative business areas such as pledges of environmental rights and carbon finance. Through collaboration between its insurance and banking sectors, it launched financing models such as “Carbon Sink Pledge+ Green Insurance” and “Dual Carbon Fund” investment-loan linkage programs. The Bank has implemented innovative projects to address financing needs of high-carbon industries, such as project loans for Carbon Capture, Utilization, and Storage (CCUS) initiatives in the steel industry, and the “Rural Revitalization + Green Development” pomegranate plantation project, effectively meeting the diverse financing needs of green finance.
- ▶ **Extending the scope of green finance and actively exploring the development of transition finance.** The Bank has actively participated in policy research on transition finance for the building materials industry in Guangdong Province and the chemical industry in Guangzhou City, and have successively implemented some of the nation’s first transition finance projects in sectors such as building materials, cosmetics, and chemical pharmaceuticals. Through a “carbon reduction target-linked interest rate” mechanism, the Bank has guided enterprises to shift from “passive emission reduction” to “proactive transition”, thereby enriching the practice of transition finance.
- ▶ **Strengthening external cooperation and exchanges, and continuously enhancing the influence of its green brand.** By actively participating in green finance cooperation and exchanges, the Bank has promoted the optimization of business processes and systems, thereby enhancing the management capabilities of its green finance operations. The Bank has been recognized by the China Banking Association as an “Advanced Green Banking Institution” for several consecutive years. Several of the Bank’s cases were featured at the China International Financial Exhibition and received “Promoted Cases for Guangdong’s Green Finance Reform and Innovation” award. The Bank also won the first prize in the Green Finance Skills Competition for the Guangdong-Hong Kong-Macao Greater Bay Area, organized by the China Financial Trade Union, demonstrating the tangible results of its “Green Guangfa” brand building initiatives.



Inclusive Finance

Guided by the principles of “customer acquisition at scale, integrated operations, digital and intelligent transformation, and compliant development”, the Bank has been committed to advancing the transition to the Inclusive Finance 2.0 model. The Bank has strengthened financial support for the development of small and micro enterprises and comprehensively promoted financial services for rural revitalization, with an aim to “ensure sufficient volume, improve quality, stabilize pricing, and optimize structure” in serving small and micro enterprises, thereby meeting the diverse and comprehensive financial needs of the inclusive finance customers. By the end of 2025, the Bank’s outstanding balance of loans to inclusive small and micro enterprises reached RMB212.6 billion, serving 140,000 customers. The interest rate on new loans to inclusive small and micro enterprises was 2.90%, down 39bps compared to the beginning of the year. By upholding the political and people-oriented nature of financial services, the Bank effectively reduced financing costs for small and micro enterprises.

▶ **Strengthening top-level design, leading to a significant improvement in the regulatory evaluation of financial services for small and micro enterprises.**

The Bank issued the Guangfa Bank 2025 Annual Work Plan for Inclusive Finance Business, the Guangfa Bank 2025 Annual Work Guidelines for Inclusive Finance, and the Guangfa Bank 2025 Work Plan for Financial Services in Support of Comprehensive Rural Revitalization. In alignment with regulatory directives, these documents set out the overall objectives and specific tasks for inclusive finance and rural revitalization in 2025, while helping the Bank refine its strategic positioning based on its unique characteristics.

▶ **Hosting the “Inclusive Finance” Service Innovation and Labor Skills Competition.**

Approved by the Trade Union of China Life Insurance Group as a labor competition project for 2025, this event attracted participation from over 7,500 employees across the Bank. It played a significant role in fostering an entrepreneurial atmosphere for inclusive finance, enhancing service innovation capabilities, and strengthening talent development within the inclusive finance teams.

▶ **Implementing and refining the coordination mechanism to support financing for small and micro enterprises.**

Through the active rollout of the “widespread outreach to thousands of businesses and households” campaign to promote its inclusive finance products and policies, the Bank effectively bridged the “last mile” in delivering inclusive financial benefits to businesses and individuals. During the reporting period, the Bank, under the overall guidance of China Life Group, held a press conference and research visit event in Hangzhou under the theme “With China life, Lifelong Guardianship –Financial Vitality Empowering Private Small and Micro Enterprises”, with an aim of implementing the coordinating mechanism to support financing for small and micro enterprises. The Bank introduced its specific measures, achievements, and typical cases in implementing a comprehensive package of incremental policies to support the development of small and micro enterprises. The event vividly showcased the joint efforts of China Life Group and the Bank in advancing inclusive finance, improving the coordination mechanism to support financing for small and micro enterprises, and contributing to the development of the real economy.

▶ **Strengthening the development of inclusive finance products and establishing a product system for scale-based customer acquisition.**

Focusing on key client segments such as “rural revitalization”, “characteristic business districts”, and “supply chains”, the Bank launched a series of products in small batches and multiple phases, including the Yunnan Qujing Dougou Village Grape Loan, the Hui Lian Tong (China Southern Power Grid) Supply Chain Project, and the Manbang Cargo Owner Loan. This approach has helped the Bank establish an inclusive finance product matrix featuring “standardized products led by the Head Office and specialized programs developed by branches”, thereby increasing the share of standardized offerings.

▶ **Enhancing the “Credit+” integrated service model to improve the quality of inclusive financial services.**

By closely aligning with the operational and developmental needs of small and micro enterprises, the Bank has fully leveraged the synergistic advantages of China Life Group’s comprehensive financial resources and its own diverse product lines. The Bank integrated business resources such as insurance fund equity investment, banking settlement services, and equity financing advisory services to provide a comprehensive range of offerings covering settlement, financial consulting, and foreign exchange risk management. This approach has strengthened financial support throughout the entire lifecycle of small and micro enterprises, positioning the Bank as their trusted partner.



Operation and Management Themes



Pension Finance

The Bank actively upheld the political and people-oriented nature of financial work, thoroughly implemented the national strategies for the development of pension finance, and promoted the sector's comprehensive, leapfrog development.



▶ **In terms of strategic planning**, aiming to become a “top-tier domestic pension finance account manager”, the Bank has been driving comprehensive growth in its pension finance operations. It has accelerated the coordinated development of an integrated “five-in-one” matrix encompassing pension fund finance, pension service finance, pension ecosystem finance, pension wealth management, and pension industry finance. Focusing on the digital transformation of pension finance, the Bank has established a “5+1” development framework and adopted a systematic approach to promote the high-quality development of its pension finance business.

▶ **In terms of coordinated development**, leveraging the integrated financial resources of China Life, the Bank has consolidated the product, equity, and service advantages of all group entities to collaboratively build the distinctive “China Life – CGB” pension finance ecosystem. It has promoted the “China Life for Pension, CGB for Account Opening” model, serving over 780,000 customers and achieving additional RMB3.69 billion in commercial pension product distribution. By advancing digital health and elderly care services to support the intelligent transformation of elderly care institutions, the Bank provided customers with a comprehensive “Technology + Banking + Insurance” service solution. The digital health and elderly care platform has signed 33 institutional clients, significantly enhancing the Bank’s comprehensive pension finance capabilities through resource integration and innovation-driven growth.

▶ **In terms of serving people’s livelihood**, the Bank has positioned social security services as a fundamental and strategic component of its pension finance business. Its social security card issuance services covered 15 provinces (including municipalities) and 31 branches nationwide, serving 6.43 million social security customers, with 144 integrated social security-banking cooperation outlets. As one of the first institutions to roll out personal pension services, the Bank has opened over 3.46 million individual pension accounts, maintaining leading performance among joint-stock banks. Leveraging its comprehensive financial capabilities and distinctive presence in the Guangdong-Hong Kong-Macao Greater Bay Area, the Bank has launched a range of initiatives such as the “GBA Integrated Social Security Card”, “Seniors’ Canteen”, and “Carefree Life”, in its efforts to build a robust pension finance service system.



Digital Finance

The Bank has conscientiously implemented the decisions and arrangements of the Party Central Committee and the guiding opinions on the “Five Major Sectors”, vigorously developed digital finance and driven the bank-wide digital transformation. It has achieved solid results in coordinating technology governance, cultivating digital talent, enhancing technological capabilities, and supporting business development, thereby comprehensively empowering its management and operations to improve the quality and efficiency.

- ▶ **Improving the organizational mechanism for digital finance.** With the work theme of “Deepening Digital Business Outcomes and Strengthening the Capabilities to Serve the Real Economy”, the Bank formulated the Guangfa Bank 2025 Digital Finance Work Plan, setting out 48 specific tasks across dimensions such as product and service upgrades, enhancement of digital operations, and digital finance infrastructure development. In addition, the Bank prepared a dedicated “technology-business integration” work plan, establishing a two-way integration mechanism featuring “horizontal collaboration and vertical alignment” to improve the effectiveness of technology-business integration. Furthermore, the Bank developed its “15th Five-Year” Digital Intelligence Transformation Plan, defining two main development tracks: “Digital & Intelligent CGB” and “Eco-CGB”. The Plan sets out a strategic path driven by data elements and artificial intelligence, anchored in the digitalization of ecological scenarios, and underpinned by agility, compliance, and security, with the goal of making Fintech one of Guangfa Bank’s core competitive advantages.
- ▶ **Focusing on cultivating digital finance talents.** The Bank carried out a series of digital talent development initiatives, cultivating multiple cohorts of core digital specialists through skill enhancement programs, professional certifications, and competition-based training, thereby further strengthening its digital culture across the organization. In terms of talent development, focusing on key areas such as artificial intelligence, data management, and cutting-edge technologies, the Bank conducted 74 training sessions during the reporting period, with over 33,000 participants in total. In terms of professional certification, the Bank certified 433 employees in AI literacy, 291 in AI product capabilities, and 78 in AI technology. In the digital product domain, an additional 761 employees obtained Level 1 product manager certification and 66 obtained Level 2 marketing expert certifications. In the area of labor competitions, the Bank hosted the 2025 “Digital Intelligence Cup” AI and Digital Finance Skills Competition, providing learning support and coaching to more than 3,000 employees and 141 participating teams, with a strong focus on cultivating specialized “AI + Fintech” talents.
- ▶ **Launching the “AI+” Initiative.** The Bank has vigorously advanced AI technology applications, improved its intelligent knowledge base, launched an AI center portal, and introduced a suite of AI-powered productivity tools, including intelligent reporting, intelligent data query, and intelligent chart generation. The Bank promoted AI adoption across operations, overall retail banking, risk management, and compliance, implementing 158 application scenarios such as knowledge-based Q&A, office assistance, customer profiling, and marketing strategy development. Meanwhile, the Bank leveraged large language model technology to enhance technology R&D, covering key stages such as requirements analysis, system design, coding and testing, as well as production operations and maintenance.
- ▶ **Enhancing product and service capabilities.** The Bank promoted the deep integration of technology and business, and completed key projects such as the Retail Credit Business Management Platform, Next-generation Intelligent Customer Service System, and Industrial Center Mobile Application, launched the “Hui Lian Tong” product series, and accelerated the rollout of innovative CIPS-related products. The Bank expanded its industry cloud ecosystem by developing digital ecosystem products such as Digital Assets, Cai Zi Tong (财资通), and Guang Hui Tong (广慧通). These products provided targeted solutions to address customer pain points and supported branches in customer acquisition, and engagement. During the reporting period, the Bank’s Distributed Core Credit Card Project received the Second Prize in the 2024 Fintech Development Awards presented by the People’s Bank of China.



Operation and Management Themes



Comprehensive Finance

As a member unit of China Life Group, the Bank fully leveraged its comprehensive financial advantages to support the implementation of major national strategies and the development of the real economy, improved the quality of comprehensive financial products and services, met the increasingly diversified financial needs of the people, continuously strengthened synergy effects, and intensified the differentiated competitive advantages of comprehensive finance.



Collaborating to serve key national strategies

The Bank collaborated with China Life member units to leverage its advantages of comprehensive finance services. The Bank joined forces in key strategic areas, including technological innovation, green development, health and elderly care, infrastructure, advanced manufacturing, energy and power. It explored comprehensive financial solutions encompassing insurance, investment, lending, equity and bond services. Seizing opportunities in the bond market, the Bank, in collaboration with member units of China Life, actively supported local government bond issuance to promote regional economic growth. In 2025, the Bank's comprehensive financial services facilitated the introduction of over RMB200 billion in insurance funds to its clients.



Collaborating to innovate inclusive financial services

The Bank collaborated with insurance segment member units of China Life Group to extensively facilitate four-way coordination among government institutions, banks, insurers, and enterprises. Leveraging policy-based agricultural insurance as an opportunity to deepen cooperation, the Bank explored and advanced a new "banking + insurance" comprehensive financial service model to support rural revitalization. By the end of 2025, the Bank had introduced nearly 190 insurance products from China Life Insurance Company Limited and China Life Property and Casualty Insurance Company Limited, offering a comprehensive range of insurance solutions that addressed needs in social governance, industrial upgrading, corporate operations, and employee benefits.



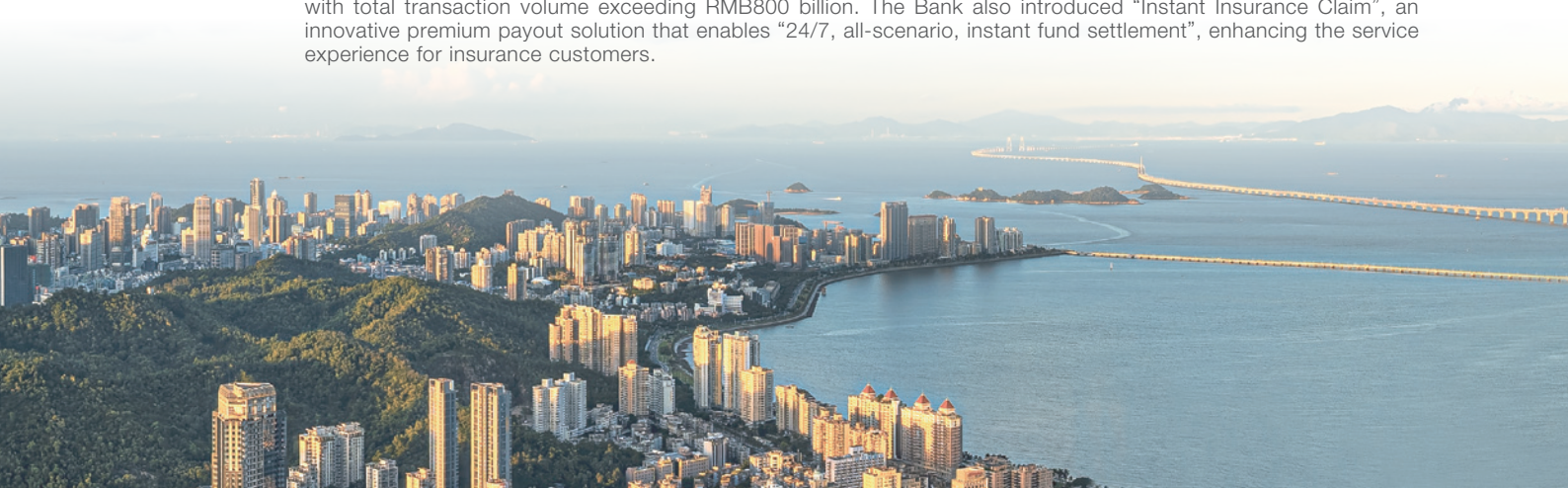
Deepening comprehensive management of individual customers

As one of the first banks qualified to offer personal pension services, the Bank deepened collaboration with China Life member units, further strengthening its integrated pension financial service advantage under the brand concept of "China Life for Pension, CGB for Account Opening". By integrating the multi-license strengths, diverse product offerings, and multiple touchpoints across insurance, investment, and banking, the Bank has built a synergistic ecosystem featuring customer referral, product integration, and scenario connectivity. By the end of 2025, the Bank, in collaboration with China Life Group member units, served over 7 million individual customers, with the average daily balance of financial assets of these individual customers exceeding RMB100 billion for the year.



Establishing distinctive advantages in serving the insurance industry

Leveraging its experience in fund management services under the insurance group framework, the Bank provided comprehensive support to the insurance industry in three key areas, namely fund settlement, investment matchmaking, and customer operations, while striving to further enhance its distinctive strengths in serving the insurance sector. The Bank continued to promote the distinctive "collection and payment insurance" product for centralized premium collection and payment service, and collaborated with 40 leading insurance institutions, with total transaction volume exceeding RMB800 billion. The Bank also introduced "Instant Insurance Claim", an innovative premium payout solution that enables "24/7, all-scenario, instant fund settlement", enhancing the service experience for insurance customers.





Being Rooted in the Greater Bay Area

The Bank actively implemented the decisions and plans of the Party Central Committee and thoroughly advanced the development strategy for the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). By aligning its own growth with the GBA's overall development and leveraging its comprehensive financial strengths across "insurance, investment, lending, equity and bond services", the Bank continuously enhanced its service capabilities in the GBA, striving to establish itself as a leading bank serving the region.



Strengthening strategic deployment

The Bank established a CGB Leading Group for GBA development and set up its dedicated office to take the lead in implementing the Group's decisions and coordinating financial services to meet the diverse needs of Guangdong and the GBA. In its strategic planning, the Bank has placed GBA development at the forefront, focusing on key areas such as cross-border finance, comprehensive finance, and wealth management, with a clear goal of becoming a leading bank supporting the region's growth.



Supporting the real economy development in the GBA

The Bank closely aligned itself with key initiatives in Guangdong such as promoting manufacturing industry, fostering scientific and technological innovation, enhancing ecological conservation in Guangdong, integrated into the overall development of the GBA, continuously increased credit granting, optimized products and services, guided financial resources towards strategic sectors within the GBA, and improved the quality and efficiency of services for the real economy. By the end of 2025, the Bank's outstanding balance of loans to manufacturing, technology enterprises, and green finance in the GBA achieved the respective growth of 15.54%, 22.17% and 41.59% compared to the beginning of the year, contributing to the acceleration of modern industrial system development in the GBA.



Deepening government-bank cooperation

The Bank fully supported the issuance of local government bonds in the GBA. As a lead underwriter for Guangdong province's local government bonds, the Bank's underwriting volume ranked first among joint-stock banks throughout 2025, providing strong support for key projects in the GBA. The Head Office established a dedicated team for special-purpose bond business, achieving full coverage of advisory services for local government special-purpose bonds across Guangdong Province. As a member of the provincial bank review panel, the Bank reviewed over 600 projects in numerous cities, contributing to the smooth issuance of special-purpose bonds in Guangdong Province.



Corporate Profile

Brief Introduction of Corporate Profile

Statutory Names

Chinese name: 广发银行股份有限公司
(Abbreviation: 广发银行)
English name: China Guangfa Bank Co., Ltd.
(Abbreviation: Guangfa Bank, China Guangfa Bank or CGB)

Business Philosophy and Business Scope

Business Philosophy

Uphold the Party's overall leadership, practice the political and people-oriented nature of financial work, remain committed to serving the real economy as its fundamental mission, and unswervingly advance along the path of financial development with Chinese characteristics.

Adhere to law-abiding and compliant operations, provide high-quality and efficient services to financial consumers, create optimal returns for shareholders, and fully safeguard employees' rights and interests, thereby achieving the organic integration of economic, political, and social responsibilities.

Unswervingly pursue high-quality development, strengthen value creation and enhance the quality and efficiency of growth, aim to become the backbone and key pillar supporting China Life Group's high-quality development and comprehensive finance, and build itself into a distinctive bank with core competitive advantages.

Business Scope

Permitted business items: Banking business; foreign exchange business; foreign exchange settlements and sales; custody of securities investment funds. (Business items subject to approval in accordance with law can only be implemented after obtaining approval from the relevant authorities. The specific business items shall be based on the approval documents or licenses issued by those authorities)

Legal Representative: Lin Zhaohui

Secretary to the Board of Directors: Li Xiaoshui

Registered Office Address

No. 713 Dongfengdong Road, Yuexiu District, Guangzhou
Postcode: 510080
Service hotline of China Guangfa Bank: 400-830-8003
Guangfa credit card hotline: 95508
Website: www.cgbchina.com.cn

Place for Obtaining Annual Report

The Finance and Accounting Department of the Bank

Other Relevant Information

The first registration date: 8 July 1988
The date of registration change: 9 February 2026
Authority of registration: Guangdong Administration for Market Regulation of People's Republic of China
Registered capital: RMB21,789,860,711.00
Unified social credit code: 91440000190336428Q
Institution No. of financial license: B0012H144010001

Engaged Auditors

Domestic auditor:	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Office address:	4th Floor, No. 61, East Nanjing Road, Huangpu District, Shanghai, China
Name of project partner:	Ma Qiang
Names of signing certified public accountants:	Ma Qiang, Li Jie
International auditor:	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Office address:	4th Floor, No. 61, East Nanjing Road, Huangpu District, Shanghai, China

This report was disclosed in accordance with the requirements of Former China Banking and Insurance Regulatory Commission's Corporate Governance Standards for Banking and Insurance Institutions and Information Disclosure Measures for Commercial Banks.

Development Strategy

During the 14th Five-Year Plan period, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank aligned efforts with the overall goal of supporting China's modernization. It had been committing to the strategic goal of establishing itself as a first-class commercial bank nationwide, pursued a path of innovation-driven and asset-light development, strived to build a value-driven, intelligent, and comprehensive bank with distinctive CGB characteristics, and continuously enhanced operational strength and market competitiveness.

The period of the 15th Five-Year Plan marks a critical phase for China to solidify its foundation and make comprehensive progress toward the basic realization of socialist modernization. It also represents a pivotal window of China Guangfa Bank to advance key reforms and achieve breakthroughs in its transformation. The Bank will thoroughly study and implement the spirit of General Secretary Xi Jinping's important speeches, instructions and directives on reform and development during

the 15th Five-Year Plan period. It will fully implement the decisions and plans of the Party Central Committee and the State Council on financial work, and remain firmly committed to advancing financial development along the path with Chinese characteristics. In line with the goals and tasks set out in China Life Group's "333 Strategy", the Bank will uphold value creation as its core strategic focus and leverage its two distinctive advantages, namely its strong backing from China Life and its deep presence in the Greater Bay Area. To drive its development, the Bank will strengthen three key engines: corporate finance, financial markets and interbank business, and retail banking. It will also focus on enhancing four key professional capabilities: synergy and innovation, cross-border services, risk management and control, and technology empowerment. Through diligent efforts and pragmatic actions, the Bank aims to become a key driver of high-quality development within the group, a major pillar of comprehensive financial services, and a leading bank serving the Guangdong-Hong Kong-Macao Greater Bay Area.



Corporate Profile

Core Competence

The Bank adheres to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guiding principle, fully implements the spirits of the 20th CPC National Congress and all Plenary Sessions of the 20th CPC Central Committee, as well as the Central Economic Work Conference and the Central Financial Work Conference. It faithfully, accurately and comprehensively applies the new development philosophy, strengthens strategic execution, deepens reform and transformation, continuously consolidates the foundation for high-quality development, and enhances its core competitive advantages.

Steadily advancing development strategies. The Bank resolutely implements the decisions and plans of the Party Central Committee, formulates and executes development strategies on a five-year cycle, continuously leverages its distinctive strengths, and promotes differentiated operations and complementary development. The Bank strengthens strategic execution by establishing a sound strategic management system. It coordinates all aspects of strategic management, including plan formulation, task breakdown and implementation, as well as monitoring and evaluation. The Bank has introduced a working mechanism for “monthly monitoring and quarterly reminders” for key developmental objectives, and conducts annual evaluations on the implementation of its integrated planning framework encompassing the master plan, specialized sub-plans, and subsidiary plans. Through these efforts, the Bank continuously builds synergy to enhance strategic execution. The Bank deepens integrated advancement by coordinating the implementation of its development plans with the execution of the Party Central Committee’s decisions and the comprehensive deepening of reforms. It strengthens the alignment and linkage between development planning, financial budgeting, and annual strategic priorities. The Bank further enhances research capabilities, proactively gaining the insight into the evolving dynamics of financial development in the new era. By focusing on key and weak areas in serving the real economy, as well as critical aspects of its own reform and development, the Bank has established a dynamic management mechanism for research projects. It promotes the transformation of research outcomes into practical applications to support strategy implementation and foster high-quality development.

Continuously deepening the integration with the Greater Bay Area. As a national joint-stock commercial bank with full coverage across “9+2” cities of the Guangdong-Hong Kong-Macao Greater Bay Area, the Bank has the advantages in its headquarters in the Greater Bay Area, business layout, resources and customer base. By delivering high-quality financial services, the Bank fully supports the development of the Greater Bay Area, driving high-quality development of the Bank and striving to become the leading bank serving the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank prioritizes and focuses on serving the economic and social development of Guangdong and the Greater Bay Area, continuously enhances the depth and breadth of government-bank cooperation, and strengthens partnerships with the Guangdong provincial government and local municipal governments, and deepens fiscal business cooperation. The Bank continues to increase credit granting to help the Greater Bay Area build a modernized industrial system with international competitiveness. The Bank plays a pivotal role as a financial bond to promote the integrated development of Guangdong, Hong Kong, and Macao, vigorously promoting connectivity in the Greater Bay Area.

Expanding the comprehensive financial services. As a member unit of China Life Group, the Bank gives full play to the comprehensive financial advantages, continuously deepens collaboration with China Life Group’s insurance and investment sectors, consistently innovates customer service models, enhances resource integration capabilities and expands the scale of collaborative business. Thus, comprehensive finance has become a vital driver for the Bank to effectively serve the national development strategy and promote high-quality growth. Focusing on major national strategic regions and key industries such as infrastructure, energy and power, advanced manufacturing, and healthcare and elderly care, the Bank introduces one-stop and full-scenario comprehensive financial service program, covering insurance capital investment, bank credit, transaction settlement, fund custody, and bond underwriting. The Bank adheres to the principle of serving the people through finance, develops a collaborative management project for premium clients and establishes a collaborative operation system for high-net-worth customers, aiming to meet the diverse financial needs of customers.

Driving significant success in digital transformation. The Bank firmly implements the national innovation driven development strategy, continues to promote digital transformation, builds a comprehensive, intelligent and ecological “digital Guangfa”, promotes AI applications across operations, overall retail banking, risk management and compliance, and continuously deepens the digital core competitiveness and differentiation advantages. The Bank effectively implements the requirements for advancing the strategic development of digital finance, has achieved significant progresses in terms of technology governance coordination, technological capability enhancement, data control, and independent and controllable capabilities. The Bank continuously improves capabilities in technology research and development, operation and maintenance services, data governance, and foundational digital technology, enriches the “online, scenario-based, and intelligent” financial ecosystem. For retail customers (C-end), the Bank has built a mobile-banking-centered online channel system and strengthened ecosystem partnerships with major players such as Huawei, China Southern Power Grid, State Grid, and telecommunications operators. For government clients (G-end), the Bank has launched ten digital products, including “Digital Trade Union”, “Digital Public Welfare”, and “Digital Education & Training”, covering multiple sectors such as healthcare, education, civil affairs, judiciary, and state-owned assets. For business clients (B-end), the Bank continues to contribute to smart city development, achieving steady year-on-year growth in its smart city projects.

Ensuring robust and effective internal risk control. The Bank continues to strengthen comprehensive risk management and internal control and compliance construction to ensure high-quality development. The Bank strengthens the comprehensive risk management system, optimizes a comprehensive risk management platform, improves the risk management framework with a sound organization and clear responsibility boundaries, continuously optimizes the risk management process, explores the application of data analysis in the intelligent risk control scenario, and effectively improves the intelligent and refined risk management, thereby fostering deeper integration of risk management into value creation. The Bank actively promotes the culture of compliance, establishes sound compliance risk management processes, strengthens compliance performance across the Bank, continuously enhances anti-money laundering management mechanism, expands the application of artificial intelligence to drive the digital and intelligent transformation of internal control, and compliance management, and steadily solidifies the foundation of compliance management.

Summary of Accounting Data and Financial Indicators

Major Accounting Data and Financial Indicators

Item	2025	2024	2023
Annual operating results (RMB in million)			
Net interest income	47,988	49,651	51,069
Net fee and commission income	10,068	10,974	11,855
Operating income	63,942	69,237	69,678
Operating and administrative expenses	(24,436)	(26,059)	(27,108)
Credit and other asset impairment losses	(23,542)	(23,468)	(22,711)
Operating profit	15,141	18,873	18,944
Gross profit	14,917	18,382	18,791
Net profit	13,029	15,284	16,019
Net profit attributed to shareholders of ordinary shares	11,828	13,259	13,994
Net profit attributed to shareholders of ordinary shares after deducting non-recurring profit and loss	11,981	13,640	14,000
Net cash flow from operating activities	37,702	(93,977)	86,292

Summary of Accounting Data and Financial Indicators

Item	2025	2024	2023
At the end of the reporting period (RMB in million)			
Total assets	3,731,854	3,644,993	3,509,522
Gross loans and advances to customers	2,161,626	2,130,871	2,073,206
Loan impairment allowances ¹	(51,662)	(53,518)	(52,274)
Financial investments	1,249,419	1,040,401	1,008,628
Total liabilities	3,426,798	3,345,982	3,232,538
Deposits from customers	2,190,040	2,257,249	2,181,525
Deposits from banks and other financial institutions	405,063	376,598	411,168
Placements from banks and other financial institutions	88,815	64,091	88,780
Shareholders' equity	305,056	299,011	276,984
Total net capital	387,149	375,585	326,009
Net Tier-1 capital	300,722	294,458	272,648
Total risk-weighted assets	2,688,863	2,528,185	2,498,637
Data per share (RMB)			
Net assets per share	14.00	13.72	12.71
Net assets per share attributed to shareholders of ordinary shares	11.71	11.43	10.65
Basic earnings per share attributed to shareholders of ordinary shares ²	0.54	0.61	0.64
Diluted earnings per share attributed to shareholders of ordinary shares ²	0.54	0.61	0.64
Basic earnings per share attributed to shareholders of ordinary shares after deducting non-recurring profit and loss ²	0.55	0.63	0.64
Net cash flow from operating activities per share	1.73	(4.31)	3.96

Unit: %

Item	2025	2024	2023
Profitability indicators			
ROAA	0.35	0.43	0.46
Return on weighted average net assets ²	4.69	5.51	6.24
Return on weighted average net assets after deducting non-recurring profit and loss ²	4.75	5.67	6.24
Net interest spread ⁴	1.31	1.40	1.46
Net interest margin	1.43	1.54	1.60
Net fee and commission income to operating income ratio	15.75	15.85	17.01
Cost-to-income ratio	38.22	37.64	38.90
Asset quality indicators			
Non-performing loan ratio (NPL ratio)	1.44	1.53	1.58
Provision coverage ratio	166.89	165.60	160.91
Provision ratio of credit	2.40	2.53	2.54
Capital adequacy indicators			
Core Tier-1 capital adequacy ratio ³	9.32	9.67	9.11
Tier-1 capital adequacy ratio ³	11.18	11.65	10.91
Capital adequacy ratio ³	14.40	14.86	13.05

Notes: 1. Only the loan impairment allowances measured by amortized cost were included.

2. The relevant indicators were calculated in accordance with Rules on Preparation of Information Disclosures of Companies Publicly Issuing Securities No.9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (revised in 2010) issued by the CSRC.

3. Calculated in accordance with Administrative Measures for the Capital of Commercial Banks.

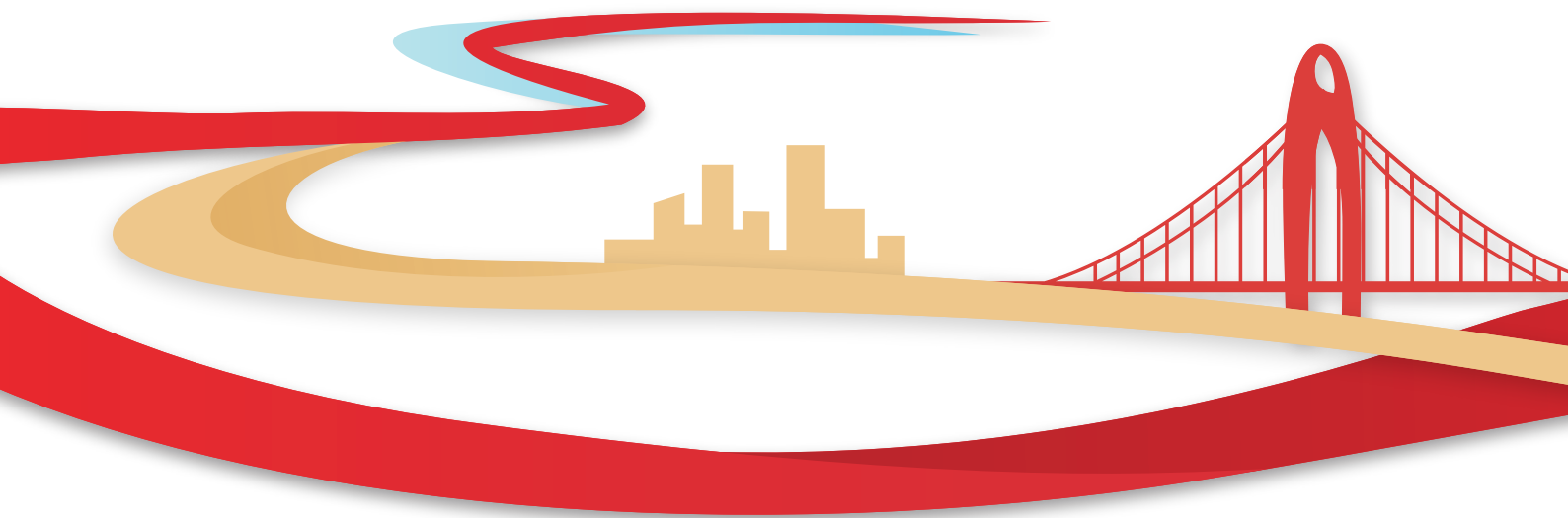
4. In 2025, the yield on interest-earning assets was 3.187% and the interest payment rate on interest-bearing liabilities was 1.875% (both rounded to three decimal places). The net interest spread was 1.312% or 1.31% when rounded to two decimal places. In 2024, the yield on interest-earning assets was 3.654% and the interest payment rate on interest-bearing liabilities was 2.257% (both rounded to three decimal places). The net interest spread was 1.397%, or 1.40% when rounded to two decimal places.

Supplementary Financial Indicators

Unit: %

Key Indicator	Regulatory Indicator	End of 2025	End of 2024	End of 2023
Liquidity ratio	Converted into RMB ≥25	77.48	72.88	58.60
The proportion of loans to the largest individual borrower to net capital	≤10	2.12	2.18	2.18
The proportion of loans to the top 10 borrowers to net capital		14.13	14.77	15.25

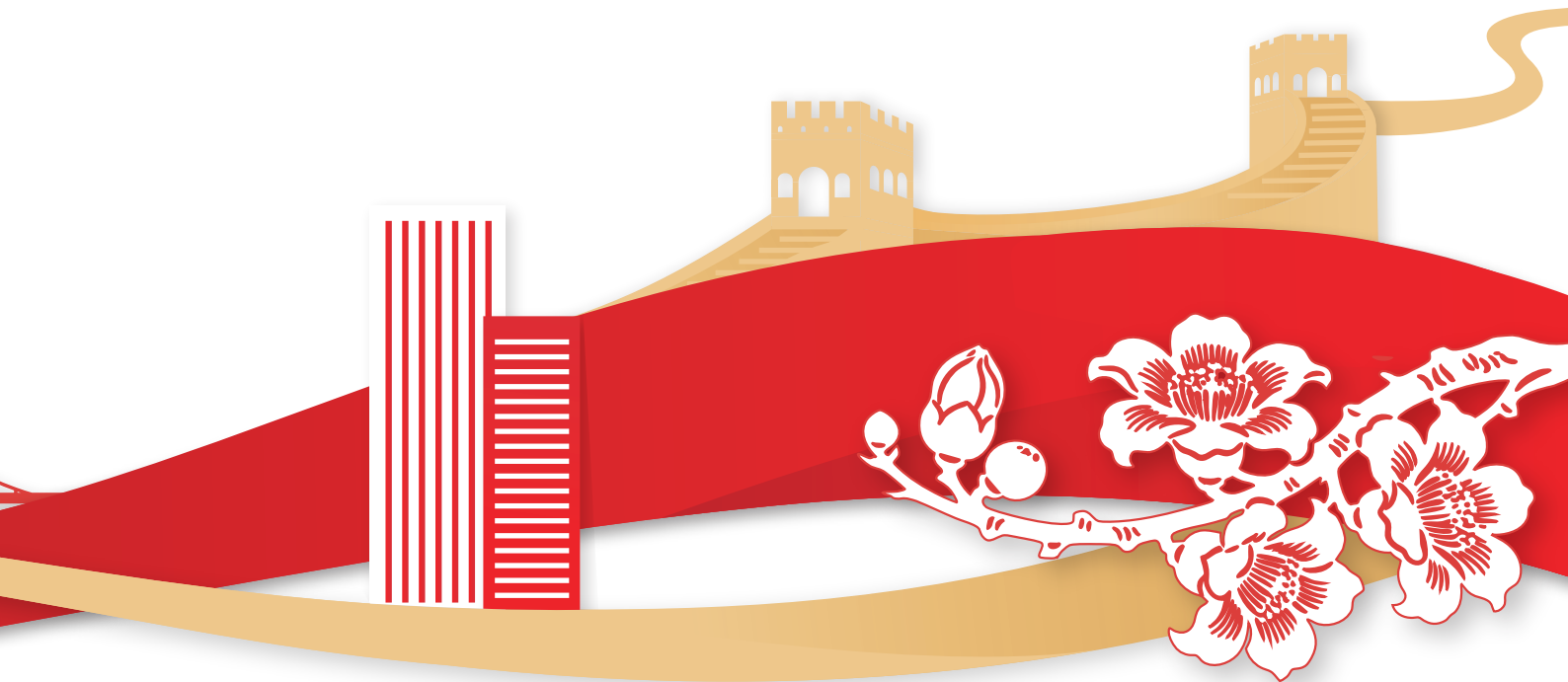
Guided by Party building,
we strengthen foundations and
forge spirit, striving forward to
chart a new course





— 保 险 · 投 资 · 银 行 —

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we fully implemented the spirit of the 20th CPC National Congress and the subsequent Plenary Sessions of the 20th CPC Central Committee. We accurately comprehended the overall requirements and new arrangements for Party building in the new era, drove development through high-quality Party building, continuously strengthened ideological foundations, fortified organizational strongholds, and transformed the Party's political strengths into powerful momentum for serving China's modernization, injecting robust financial impetus into the nation's high-quality economic development.



Economic, Financial and Macroeconomic Environment

During the reporting period, the global economic growth remained sluggish, geopolitical conflicts intensified, and adjustments in global trade and economic order continued, while supply chains were disrupted by tariff volatility. Meanwhile, major economies adopted more accommodative monetary policies, which profoundly affected capital flows, exchange rates, and the global trade landscape. The year of 2025 witnessed the domestic economy forging ahead under pressure. Notable progress was achieved in steadily advancing high-quality development and accelerating the formation of new quality productive forces. Reform and opening-up were further deepened, risk mitigation yielded remarkable results, and social welfare protection was constantly strengthened. Since 2025, industrial policies were precisely targeted to accelerate transformation and upgrading, while more proactive fiscal policies not only vigorously supported economic growth but also effectively promoted the structural transformation. With the continuous support of a moderately accommodative monetary policy, the PBOC adopted measures such as lowering reserve requirement ratios (RRR) and interest rates to foster a supportive financial environment. By the end of 2025, the balances of RMB loans, broad money (M2), and social financing scale increased by 6.4%, 8.5% and 8.3% year-on-year, respectively, providing solid support for the real economy.

Looking ahead to 2026, the Central Economic Work Conference has set the general tone of pursuing progress while ensuring stability and enhancing quality and efficiency. With strengthened policy integration and coordination, the Bank aims to achieve a sound start to the 15th Five-Year Plan. Fiscal policy will continue to be more proactive and supportive, maintaining appropriate deficit and debt levels while optimizing local government financing and ensuring the effective implementation of the “three guarantees” – safeguarding basic livelihoods, ensuring salary payment and maintaining normal operations of grassroots government bodies. Monetary policy will remain moderately accommodative, balancing the goals of economic growth and price stability. By flexibly employing

tools such as lowering reserve requirement ratios (RRR) and interest rates, it will strengthen coordination with fiscal policy to ensure that financing scale and money supply are aligned with overall economic objectives. Key tasks include expanding domestic demand and boosting consumption; promoting the development of new quality productive forces and supporting future industrial development through scientific and technological innovation; further advancing high-level opening up; mitigating risks in key areas and improving the assessment mechanism of local government debt; coordinating urbanization with rural revitalization; and accelerating the establishment of a unified national market, advancing carbon reduction and pollution control, as well as addressing weaknesses in social welfare and public services.

With strong support from a combination of macroeconomic policies, China's economy is expected to sustain a steady upward trajectory in 2026. With the unleashing of policy dividends from the start of the 15th Five-Year Plan and enhanced economic resilience, the banking sector will find ample space to serve the real economy. Consumer spending will continue to rebound, with emerging consumption trends such as Guochao (Chinese-style trends) and cultural tourism acting as key growth engines. The real estate sector is expected to stabilize gradually, effectively unlocking pent-up housing demand. High-tech industries will drive faster investment growth in the manufacturing sector. Although foreign trade remains under pressure, exports of high-tech products will stand out as a structural bright spot. However, the economy still faces challenges such as insufficient demand, mounting pressures on enterprises, employment tensions, and potential risks. The persistent low net interest margin environment is intensifying competition within the banking sector. Consequently, digital empowerment, differentiated development, and delivering on the “Five Major Sectors” of finance are set to become the core trends driving the industry's transformation.

Review of Operations

General Business Overview

In 2025, the Bank thoroughly studied and implemented General Secretary Xi Jinping's series of important statements and directives on financial work, earnestly carrying out the guiding principles of 20th CPC National Congress and all Plenary Sessions of the 20th CPC Central Committee. In full alignment with China Life's "333 Strategy", the Bank leveraged its distinctive advantages in both the GBA and the China Life ecosystem to advance reform and transformation. It focused on strengthening fundamentals and addressing weaknesses, enhanced risk prevention and control, steadily drove progress in management and operations, and supported the sustained recovery and positive momentum of the economy. The Bank achieved annual operating income of RMB63.942 billion, net profit of RMB13.029 billion, and a net interest margin of 1.43%. In the fourth quarter, operating income grew by 13.0% quarter-on-quarter, while the net interest margin increased by 2.4 bps from the previous quarter, with marginal improvement in operating efficiency. Total assets reached RMB3.73 trillion by the end of the year, an increase of RMB86.9 billion from the beginning of the year. Outstanding balances of loans totaled RMB2.16 trillion, and the balance of deposits stood at RMB2.19 trillion, with the balance of corporate loans increasing by RMB190.8 billion from the beginning of the year, representing a growth of 18%. Furthermore, the value of bond investment assets, personal assets under management (AUM) and assets under custody for public and private funds each surpassed RMB1 trillion. The non-performing loan (NPL) balance stood at RMB31.028 billion and the NPL ratio stood at 1.44%. Both figures declined by RMB1.444 billion and 0.09 percentage point, respectively, marking the third consecutive year of "dual decline". New NPLs decreased by RMB420 million year-on-year, representing a decline of 1.2%. Supported by the issuance of RMB35 billion in Tier 2 capital bonds, the Bank maintained a Core tier 1 capital adequacy ratio of 9.32% and a capital adequacy ratio of 14.40%. Regular – premiums for life insurance and new property insurance policies distributed on behalf of China Life increased by 29% and 37% year-on-year, respectively. The Bank also facilitated sales of RMB3.68 billion in commercial pension products for the pension insurance companies. Furthermore, the scale of investment-banking collaboration expanded by 35%, with synergistic development continuing to deepen.

Business Management

Made solid progress in advancing the "Five Major Sectors" of finance. In **technology finance**, the Bank enhanced quality and efficiency of services for supporting the development of new quality productive forces and launched specialized products such as the New-quality Loan and Science & Technology Talent Loan. By the end of the reporting period, outstanding balances of technology loans reached RMB415.7 billion, representing an increase of 25.3% compared to the beginning of the year. In **green finance**, the Bank contributed to carbon reduction, pollution prevention, and ecological enhancement. It implemented the nation's first batch of transition finance projects in sectors such as building materials, chemicals, and paper manufacturing. By the end of the reporting period, the outstanding balances of green loans reached RMB236.3 billion, representing an increase of 40.6% compared to the beginning of the year. In **inclusive finance**, the Bank put in place a coordination mechanism to support financing for small and micro enterprises and conducted the "widespread outreach to thousands of businesses and households" campaign. By the end of the reporting period, the outstanding balance of loans to inclusive small and micro enterprises reached RMB212.6 billion, an increase of 8.4% compared to the beginning of the year. In **Pension Finance**, the Bank implemented a dedicated development action plan, deepening its focus on key areas such as the first and third pillars. It has cumulatively served 6.43 million social security customers and opened 3.46 million individual pension accounts. In **digital finance**, the Bank accelerated innovation by launching the "AI+" initiative, applying AI technologies to the product and service innovation. Large language models have been deployed in 158 scenarios, while the digital platform "Digital Enterprise Connect" has attracted 65,000 corporate users.

Review of Operations

Fully supported the development of the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank thoroughly studied and implemented the spirit of General Secretary Xi Jinping's important speech and directives delivered during his inspection tour of Guangdong and at the opening ceremony of the 15th National Games. It deeply grasped the spirit of General Secretary and the strategic plans of the CPC Central Committee for building the Guangdong-Hong Kong-Macao Greater Bay Area, and set the goal of "becoming a leading bank serving the Greater Bay Area". The Bank established a Leading Group for GBA development. It proactively engaged with government authorities and regulatory bodies, worked with member units of China Life Group to implement collaboration mechanisms, and coordinated resources to support the development of the Guangdong-Hong Kong-Macao Greater Bay Area. By the end of 2025, the Bank's outstanding loan balance granted in Guangdong stood at RMB1.02 trillion. During the year, the Bank extended RMB301.7 billion in new corporate loans in the province, representing an increase of 55.7% compared to the beginning of the year. Its investments in Guangdong local government bonds ranked first among all joint-stock banks for the fifth consecutive year. In addition, the Bank facilitated RMB25.4 billion of insurance capital inflows into the province during the year. The Bank actively explored pioneering initiatives, and as a pilot bank, partnered with the Guangzhou Municipal Government to launch the "Enterprise Co-prosperity Plan (益企共赢计划)" for technology companies. It also issued China's first "GBA Integrated Social Security Card", which integrates social security, transportation, and financial functions.

Steadfastly fortified the bottom line of risk prevention and control and compliance management. The Bank was dedicated to enhancing its risk management capabilities to make them more comprehensive, proactive, penetrating, and intelligent, while exercising strict control over new risks and prudently managing existing exposures. The Bank supported the active and prudent resolution of real estate risks, taking the lead on 145 "white list" projects under the real estate financing coordination mechanism, with a cumulative loan disbursement of RMB69.8 billion. It also enhanced risk control and quality management in credit card business. The Bank intensified the disposal of non-performing assets by implementing list-based management and accountability mechanisms for large-scale projects, while actively diversifying disposal approaches. It also improved its risk management framework

by optimizing the credit approval system and establishing a "business principal + dedicated loan approver" mechanism to enhance the independence and professionalism of the credit approvals. The Bank improved its internal control and compliance mechanism by implementing the "Measures for the Compliance Management of Financial Institutions", clarifying management requirements and implementation pathways to standardize and strengthen internal controls. It strengthened the collaboration between supervisory and audit functions to promote compliance and enhance the effectiveness of audit oversight. Furthermore, the Bank advanced its anti-money laundering (AML) initiatives and meticulously prepared for the fifth round of international AML evaluations.

Accelerated reform and transformation to achieve differentiated growth. The Bank drove innovation, exploring new pathways for differentiated and high-quality growth. It conducted benchmarking analyses against leading peers to assess its current position and potential across multiple dimensions, and build distinctive competitive advantages. It also established a resource allocation and performance evaluation system centered on value creation, with Economic Value Added (EVA)/Risk-Adjusted Return on Capital (RAROC) as key guiding indicators. This system aims to align risk appetites and value metrics across front, middle and back offices, as well as among Head Office, branches, and sub-branches, thereby steering business transformation and enhancing quality and efficiency. The Bank advanced direct service channels for top-tier strategic clients, and promoted coordinated development across "sales, interbank, custody, and investment services". It offered comprehensive financial solutions integrating insurance, investment, lending, equity and bond services. It also launched a China Life One-Account wealth management platform to strengthen its wealth management business and further deepen the integration of technology with operations, laying a solid foundation for client base expansion and ecosystem development. The Bank advanced initiatives to strengthen comprehensive risk management capabilities, conducted targeted diagnostics on key compliance issues, and developed a collaborative supervision "toolkit" to reinforce the foundation of internal risk control. In parallel, it deepened the implementation of the "Excellence 365 Talent Empowerment Program", establishing practical training platforms, and accelerating the cultivation of young talent.

Financial Statement Analysis

Income Statement Analysis

During the reporting period, the Group realized operating income of RMB63.942 billion, a decrease of RMB5.295 billion or 7.65% compared to the previous year. This decrease was mainly attributable to narrowing interest margins due to market conditions in 2025, and heightened volatility in the bond market, all of which exerted pressure on operating income growth. The Group achieved a net profit of RMB13.029 billion for the year, a decrease of RMB2.255 billion or 14.75% compared to the previous year.

Unit: RMB in million

Item	2025	2024	Increase/decrease	Growth rate (%)
Operating income	63,942	69,237	(5,295)	(7.65)
Including: Net interest income	47,988	49,651	(1,663)	(3.35)
Net fee and commission income	10,068	10,974	(906)	(8.26)
Other non-interest income	5,886	8,612	(2,726)	(31.65)
Taxes and surcharges	(823)	(837)	14	(1.67)
Operating and administrative expenses	(24,436)	(26,059)	1,623	(6.23)
Credit and other asset impairment losses	(23,542)	(23,468)	(74)	0.32
Net amount of non-operating incomes and expenses	(224)	(491)	267	N/A
Total profit	14,917	18,382	(3,465)	(18.85)
Income tax	(1,888)	(3,098)	1,210	(39.06)
Net profit	13,029	15,284	(2,255)	(14.75)

Financial Statement Analysis

Interest Income

During the reporting period, the Group's interest income amounted to RMB107.272 billion, a decrease of RMB10.191 billion or 8.68% compared to the previous year. This decrease was mainly due to a decline in loan yield.

Unit: RMB in million

Item	2025	2024	Increase/decrease	Growth rate (%)
Interest income from loans	77,546	87,439	(9,893)	(11.31)
Including: Corporate loans	37,855	37,970	(115)	(0.30)
Personal loans	37,600	46,026	(8,426)	(18.31)
Discounted bills	2,091	3,443	(1,352)	(39.27)
Interest income from financial investments ¹	25,383	25,283	100	0.40
Interest income from deposits with the Central Bank	2,003	2,124	(121)	(5.70)
Interest income from placements with banks and other financial institutions	1,835	1,868	(33)	(1.77)
Interest income from financial assets held under resale agreements	421	628	(207)	(32.96)
Interest income from deposits with banks and other financial institutions	84	121	(37)	(30.58)
Total	107,272	117,463	(10,191)	(8.68)

Note: 1. Financial investments include debt investments and other debt investments listed in accordance with the New Financial Instrument Standards. Unless specifically stated otherwise, in this section, the financial investment items of "interest income" and "net interest income" share the same calculation standard.

Interest Expense

During the reporting period, the Group's interest expenses amounted to RMB59.284 billion, a decrease of RMB8.528 billion or 12.58% compared to the previous year. This decrease was mainly attributable to the Group's intensified efforts to reduce liability costs, proactive structural optimization, and a further decline in the interest payment rate on interest-bearing liabilities.

Unit: RMB in million

Item	2025	2024	Increase/decrease	Growth rate (%)
Interest expenses of customer deposits	40,101	44,119	(4,018)	(9.11)
Interest expenses of loans from the Central Bank	710	1,576	(866)	(54.95)
Bond interest expenses	9,031	9,686	(655)	(6.76)
Interest expenses of deposits from banks and other financial institutions	5,867	9,191	(3,324)	(36.17)
Interest expenses of placements from banks and other financial institutions	1,571	1,791	(220)	(12.28)
Interest expenses of financial assets sold under repurchase agreements	2,004	1,449	555	38.30
Total	59,284	67,812	(8,528)	(12.58)

Net Interest Income

During the reporting period, the Group achieved a net interest income of RMB47.988 billion, a decrease of RMB1.663 billion or 3.35% compared to the previous year.

Interest-earning assets and interest-bearing liabilities

Unit: RMB in million

Item	2025			2024		
	Daily average balance	Interest income/expenses	Average yield/cost (%)	Daily average balance	Interest income/expenses	Average yield/cost (%)
Assets						
Loans and advances to customers	2,131,578	77,546	3.64	2,100,840	87,439	4.16
Financial investments	974,884	25,383	2.60	858,009	25,283	2.95
Deposits with the Central Bank	137,524	2,003	1.46	144,782	2,124	1.47
Deposits and placements with banks and other financial institutions ¹	122,080	2,340	1.92	111,399	2,617	2.35
Total interest-earning assets	3,366,066	107,272	3.19	3,215,030	117,463	3.65
Liabilities						
Deposits from customers	2,167,138	40,101	1.85	2,015,011	44,119	2.19
Loans from the Central Bank	38,477	710	1.85	62,485	1,576	2.52
Deposits and placements from banks and other financial institutions ²	500,289	9,442	1.89	536,246	12,431	2.32
Bonds payable	456,155	9,031	1.98	390,224	9,686	2.48
Total interest-bearing liabilities	3,162,059	59,284	1.87	3,003,966	67,812	2.26
Net interest income		47,988			49,651	
Net interest spread ³			1.31			1.40
Net interest margin			1.43			1.54

- Notes: 1. Deposits and placements with banks and other financial institutions mainly include deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements. Unless specifically stated otherwise, in this section, the "Deposits and placements with banks and other financial institutions" share the same calculation standard.
2. Deposits and placements from banks and other financial institutions mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements. Unless specifically stated otherwise, in this section, the "Deposits and placements from banks and other financial institutions" share the same calculation standard.
3. For the year, the yield on interest-earning assets was 3.187% and the interest payment rate on interest-bearing liabilities was 1.875% (both rounded to three decimal places). The net interest spread was 1.312% or 1.31% when rounded to two decimal places. For the previous year, the yield on interest-earning assets was 3.654% and the interest payment rate on interest-bearing liabilities was 2.257% (both rounded to three decimal places). The net interest spread was 1.397%, or 1.40% when rounded to two decimal places.

Financial Statement Analysis

Categories, Daily Average Balance, and Average Yield of Loans

Unit: RMB in million

Item	Daily average balance	Average yield (%)
Loans	2,131,578	3.64
Including: General loans (excluding discounted amount)	1,968,734	3.83
Discounted amount	162,844	1.28

Categories, Daily Average Balance, and Average Cost of Deposits

Unit: RMB in million

Item	Daily average balance	Average cost (%)
Deposits	2,167,138	1.85
Including: Corporate deposits	1,505,968	1.81
Individual deposits	661,170	1.93

Changes of the net interest income and volume and interest rate

Unit: RMB in million

	Causes for change (2025 versus 2024)		
	Volume	Interest rate	Net increase/ (decrease)
Assets			
Loans and advances to customers	1,279	(11,172)	(9,893)
Financial investments	3,444	(3,344)	100
Deposits with the Central Bank	(106)	(15)	(121)
Deposits and placements with banks and other financial institutions	251	(528)	(277)
Change of interest income	4,868	(15,059)	(10,191)
Liabilities			
Deposits from customers	3,331	(7,349)	(4,018)
Loans from the Central Bank	(605)	(261)	(866)
Deposits and placements from banks and other financial institutions	(834)	(2,155)	(2,989)
Bonds payable	1,637	(2,292)	(655)
Change of interest expenses	3,529	(12,057)	(8,528)
Change of net interest income	1,339	(3,002)	(1,663)

Note: The change of volume is measured based on the change of the average balance, and the change of interest rate is measured based on the change of the average interest rate. The changes attributable to both volume and interest rate changes are reflected in the change of interest rate.

Net interest spread and net interest margin

During the reporting period, the Group's net interest spread was 1.31%, a decrease of 9 basis points compared to the previous year. The net interest margin was 1.43%, a decrease of 11 basis points compared to the previous year. On the asset side, the yield continued to decline amid the sustained downward trend in market interest rates and intensified market competition, which led to lower lending rates on newly issued loans. The decline has been further exacerbated by the downward adjustment of interest rates on existing mortgage loans and the impact of asset repricing. On the liability side, the Group strictly complied with the PBOC's interest rate policies and actively implemented various initiatives under the Self-Discipline Mechanism to standardize pricing practices. Meanwhile, the Group proactively optimized its liability structure, and continuously reduced liability costs.

Item	2025 (%)	2024 (%)	Increase or decrease (basis point)
Yield on interest-earning assets	3.19	3.65	(47)
Interest payment rate on interest-bearing liabilities	1.87	2.26	(38)
Net interest spread	1.31	1.40	(9)
Net interest margin	1.43	1.54	(11)

Note: The yield on interest-earning assets for the year was 3.187% (rounded to three decimal places), compared to 3.654% in the previous year, representing a year-on-year decrease of 46.7 basis points (or 47 basis points when rounded to two decimal places). The interest payment rate on interest-bearing liabilities for the year was 1.875% (rounded to three decimal places), compared to 2.257% in the previous year, representing a year-on-year decrease of 38.2 basis points (or 38 basis points when rounded to two decimal places).

Non-interest Income

During the reporting period, the Group's non-interest income amounted to RMB15.954 billion, a decrease of RMB3.632 billion or 18.54% compared to the previous year. This decrease was mainly due to the financial markets volatility, which led to a year-on-year decrease in gains/(losses) arising from changes in fair value.

Item	2025	2024	Increase/decrease	Growth rate (%)
Net fee and commission income	10,068	10,974	(906)	(8.26)
Investment gains	6,728	6,672	56	0.84
Gains/(Losses) arising from changes in fair value	(1,840)	1,450	(3,290)	(226.90)
Foreign exchange gains	918	360	558	155.00
Other income ¹	80	130	(50)	(38.46)
Total	15,954	19,586	(3,632)	(18.54)

Unit: RMB in million

Note: 1. Other income items include other business income, gains from disposals of assets and other gains.

Financial Statement Analysis

Breakdown of net fee and commission income

Unit: RMB in million

Item	2025	2024	Increase/decrease	Growth rate (%)
Fee and commission income				
Bank card fees	9,710	10,981	(1,271)	(11.57)
Agency service fees	929	964	(35)	(3.63)
Guarantees and commitment fees	673	695	(22)	(3.17)
Settlement and clearing fees	1,066	862	204	23.67
Commission on trust and fiduciary activities	586	587	(1)	(0.17)
Debenture underwriting fees	319	340	(21)	(6.18)
Commission on wealth management products	309	584	(275)	(47.09)
Consultancy and advisory fees	368	322	46	14.29
Others	197	295	(98)	(33.22)
Subtotal	14,157	15,630	(1,473)	(9.42)
Less: Fee and commission expenses	4,089	4,656	(567)	(12.18)
Net fee and commission income	10,068	10,974	(906)	(8.26)

Operating and Administrative Expenses

During the reporting period, the Group's operating and administrative expenses amounted to RMB24.436 billion, a decrease of RMB1.623 billion or 6.23% compared to the previous year. This decrease was mainly due to the Group's continued efforts to reduce costs and increase efficiency, thereby achieving a year-on-year decrease in operating and administrative expenses.

Unit: RMB in million

Item	2025	2024	Increase/decrease	Growth rate (%)
Staff costs	15,033	15,949	(916)	(5.74)
Depreciation, amortization and lease expenses	4,683	4,629	54	1.17
Other operating and administrative expenses	4,720	5,481	(761)	(13.88)
Total	24,436	26,059	(1,623)	(6.23)

Credit and Other Asset Impairment Losses

During the reporting period, the Group recorded an asset impairment loss of RMB23.542 billion, an increase of RMB74 million or 0.32% compared to the previous year.

Unit: RMB in million

Item	2025	2024	Increase/decrease	Growth rate (%)
Impairment losses on loans and advances to customers	23,557	23,448	109	0.46
Impairment losses on financial investments	37	53	(16)	(30.19)
Impairment losses on inter-bank business	7	168	(161)	(95.83)
Impairment losses on off-balance sheet operations	(79)	(238)	159	N/A
Other liabilities	20	37	(17)	(45.95)
Total	23,542	23,468	74	0.32

Balance Sheet Analysis

Assets

At the end of 2025, the Group's total assets amounted to RMB3,731.854 billion, an increase of RMB86.861 billion or 2.38% compared to the beginning of the year.

Unit: RMB in million

Item	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Gross loans and advances	2,161,626	57.92	2,130,871	58.46
Less: Loan impairment allowances ¹	(51,662)	(1.38)	(53,518)	(1.47)
Net loans and advances	2,109,964	56.54	2,077,353	56.99
Financial investments	1,249,419	33.48	1,040,401	28.54
Cash and deposits with the Central Bank	146,736	3.93	153,784	4.22
Deposits and placements with banks and other financial institutions	108,150	2.90	100,747	2.76
Financial assets held under resale agreements	45,620	1.22	204,960	5.62
Other	71,965	1.93	67,748	1.87
Total	3,731,854	100.00	3,644,993	100.00

Note: 1. Only the loan impairment allowances measured by amortized cost are included.

Financial Statement Analysis

Loans

At the end of 2025, the Group's total loan was RMB2,161.626 billion, an increase of RMB30.755 billion or 1.44% compared to the beginning of the year.

Loans classified by business

At the end of 2025, the Group's corporate loan balance amounted to RMB1,250.000 billion, an increase of RMB190.836 billion or 18.02% compared to the beginning of the year. The personal loan balance stood at RMB805.702 billion, a decrease of RMB50.209 billion or 5.87% compared to the beginning of the year. The balance of discounted amount was RMB98.209 billion, a decrease of RMB110.863 billion or 53.03% compared to the beginning of the year.

Unit: RMB in million

Item	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Corporate loans	1,250,000	57.83	1,059,164	49.70
Personal loans	805,702	37.27	855,911	40.17
Discounted amount ¹	98,209	4.54	209,072	9.81
Accrued interest	7,715	0.36	6,724	0.32
Total	2,161,626	100.00	2,130,871	100.00

Note: 1. Discounted amount comprises the amounts of bill discounting, letter of credit discounting, and forfeiting.

Loans classified by region

Unit: RMB in million

Item	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Head Office	350,741	16.23	392,855	18.44
Pearl River Delta	579,845	26.82	521,255	24.46
Yangtze River Delta	400,182	18.51	446,199	20.94
Central and Western Regions	453,148	20.96	430,220	20.19
Bohai Rim	322,721	14.93	297,762	13.97
Overseas	47,274	2.19	35,856	1.68
Accrued interest	7,715	0.36	6,724	0.32
Total	2,161,626	100.00	2,130,871	100.00

Loans classified by collateral

Unit: RMB in million

Collateral	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Unsecured loans	1,046,924	48.43	960,847	45.09
Guaranteed loans	514,485	23.80	569,545	26.73
Loans secured by mortgages	525,828	24.33	532,580	24.99
Loans secured by pledges	66,674	3.08	61,175	2.87
Accrued interest	7,715	0.36	6,724	0.32
Total	2,161,626	100.00	2,130,871	100.00

Top 10 borrowers

At the end of 2025, the top 10 borrowers of the Group had a total balance of RMB54.697 billion, accounting for 2.53% of the total loan balance at the end of the period, and 14.13% of the net capital. The largest single customer loan balance of the Group was RMB8.200 billion, accounting for 0.38% of the total loan balance at the end of the period, and 2.12% of the net capital.

Unit: RMB in million

Borrower	Balance of loans	Percentage of net capital (%)	Percentage of total loans at the end of the period (%)
Client 1	8,200.00	2.12	0.38
Client 2	8,017.34	2.07	0.37
Client 3	6,890.26	1.78	0.32
Client 4	6,186.09	1.60	0.29
Client 5	4,904.38	1.27	0.23
Client 6	4,810.00	1.24	0.22
Client 7	4,301.00	1.11	0.20
Client 8	4,000.00	1.03	0.18
Client 9	3,722.09	0.96	0.17
Client 10	3,665.35	0.95	0.17
Total	54,696.51	14.13	2.53

Note: The statistics of the top 10 borrowers include discounted amount.

Financial Statement Analysis

Investment

The Group's financial assets held for trading, debt investments, other debt investments, and other equity instrument investments comprised a range of instruments, including securities, funds, beneficiary plans, and equity investments.

At the end of 2025, the Group's financial investments amounted to RMB1,249.419 billion, an increase of RMB209.018 billion or 20.09% compared to the beginning of the year.

Investments classified by accounting items

Unit: RMB in million

Item	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Financial assets held for trading	141,299	11.31	136,103	13.08
Debt investments	534,345	42.77	465,033	44.70
Other debt investments	568,439	45.50	433,848	41.70
Other equity instrument investments	5,336	0.42	5,417	0.52
Total	1,249,419	100.00	1,040,401	100.00

Investments classified by investment products

The Group strengthened its market analysis and assessment, and increased its allocation to financial assets such as bonds when opportunities arose.

Unit: RMB in million

Category	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Government bonds	541,772	43.36	473,016	45.47
Bills and financial bonds of Central Bank	575,134	46.03	420,463	40.41
Other bonds ¹	30,209	2.42	15,633	1.50
Other investments ²	102,304	8.19	131,289	12.62
Total	1,249,419	100.00	1,040,401	100.00

Notes: 1. Other bonds mainly refer to corporate bonds.

2. Other investments mainly include investments in funds, beneficial interests of trust plans, beneficial interests of asset management plans, etc.

Long-term Equity Investments

For details of the Group's long-term equity investments during the reporting period, please refer to Note VII-11 to the financial statements.

Liabilities

At the end of 2025, the Group's total liabilities amounted to RMB3,426.798 billion, an increase of RMB80.816 billion or 2.42% compared to the beginning of the year.

Unit: RMB in million

Item	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Deposits from customers	2,190,040	63.91	2,257,249	67.46
Deposits from banks and other financial institutions	405,063	11.82	376,598	11.26
Financial assets sold under repurchase agreements	229,626	6.70	148,331	4.43
Bonds payable	393,194	11.47	430,825	12.88
Other	208,875	6.10	132,979	3.97
Total	3,426,798	100.00	3,345,982	100.00

Deposits

At the end of 2025, the Group's customer deposit balance amounted to RMB2,190.040 billion, a decrease of RMB67.209 billion or 2.98% compared to the beginning of the year.

Deposits classified by business

At the end of 2025, the Group's demand deposit balance was RMB594.863 billion, a decrease of RMB70.229 billion or 10.56% compared to the beginning of the year. The time deposit (including notice deposit) balance was RMB1,342.108 billion, an increase of RMB5.179 billion or 0.39% compared to the beginning of the year.

Unit: RMB in million

Item	31 December 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Demand deposits	594,863	27.16	665,092	29.47
Including: Corporate deposits	417,313	19.06	496,123	21.98
Individual deposits	177,550	8.10	168,969	7.49
Time deposits (including notice deposits)	1,342,108	61.28	1,336,929	59.23
Including: Corporate deposits	834,560	38.11	871,360	38.60
Individual deposits	507,548	23.17	465,569	20.63
Pledged deposits	209,502	9.57	211,127	9.35
Other deposits	2,490	0.11	426	0.02
Accrued interest	41,077	1.88	43,675	1.93
Total	2,190,040	100.00	2,257,249	100.00

Financial Statement Analysis

Changes in Shareholders' Equity

Unit: RMB in million

Item	31 December 2025	Increase in the current period	Decrease in the current period	31 December 2024
Share capital	21,790	–	–	21,790
Other equity instruments	50,000	–	–	50,000
Capital reserve	53,307	–	–	53,307
Other comprehensive income	4,994	–	4,121	9,115
Surplus reserve	20,165	1,277	–	18,888
General risk reserve	43,993	353	–	43,640
Undistributed profits	110,807	13,038	4,502	102,271
Total shareholders' equity	305,056	14,668	8,623	299,011

Notes: The main reasons for changes in shareholders' equity:

- During the reporting period, the Group retained net profit and undistributed profits increased.
- The Group appropriated 10% of its after-tax profit for the year to the statutory surplus reserve.
- In accordance with the *Administrative Measures for the Provision of Reserves of Financial Enterprises* (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Bank appropriated 1.5% of its risk asset balance as at 31 December 2025 to general risk reserve. The Bank's subsidiaries also appropriate corresponding general risk reserve based on the regulatory requirements.
- The decrease in other comprehensive income for the period was mainly due to the downward movement in fair value of financial assets measured at fair value through other comprehensive income (FVOCI).

Cash Flow Statement Analysis

At the end of 2025, the balance of cash and cash equivalents of the Group amounted to RMB93.794 billion, a decrease of RMB174.550 billion or 65.05% compared to the previous year.

The net cash inflow from operating activities amounted to RMB37.702 billion, representing an increase of RMB131.679 billion year-over-year. The increase was mainly attributable to a net increase in placements from banks and other financial institutions, financial assets sold under repurchase agreements, and borrowings from the Central Bank. The net cash outflow from investing activities amounted to RMB160.986 billion, representing an increase of RMB169.659 billion year-on-year, mainly due to an increase in cash payments for investments. The net cash outflow from financing activities amounted to RMB51.100 billion, representing an increase of RMB195.675 billion year-on-year, which was primarily due to an increase in cash paid for debt repayment during the year.

Segment Reporting

Segment Operating Results by Region

Unit: RMB in million

Region	Total assets	Operating income	Gross profit
Head Office	607,078	17,526	(7,585)
Yangtze River Delta	1,752,800	18,579	14,066
Pearl River Delta	948,006	11,643	2,891
Bohai Rim	581,929	6,599	1,690
Central and Western Regions	458,655	8,646	3,290
Overseas	118,890	949	565
Elimination among regions	(735,504)	-	-
Total	3,731,854	63,942	14,917

Segment Operating Results classified by Business Type

In 2025, the Group's total assets of corporate banking business reached RMB1,325.958 billion, with operating income of RMB23.615 billion. Its total assets of retail banking and credit card business reached RMB812.102 billion, with operating income of RMB29.245 billion; and its total assets of fund operations and other business reached RMB1,593.794 billion, with operating income of RMB11.082 billion.

Financial Statement Analysis

Financial Position and Operating Results of the Group

Changes of Main Financial Indicators and Corresponding Reasons

Unit: RMB in million

Item	2025	2024	Increase/ decrease over the previous year (%)	Brief reasons
Total assets	3,731,854	3,644,993	2.38	Increase in financial investment
Total liabilities	3,426,798	3,345,982	2.42	Increase in interbank liabilities
Shareholders' equity	305,056	299,011	2.02	Net profit retention
Net profit	13,029	15,284	(14.75)	Decrease in operating income

Information of the Main Items with Changes over 30% in Accounting Statement

Unit: RMB in million

Major accounting items	2025	Increase/ decrease over the previous year (%)	Brief reasons
Other debt investments	568,439	31.02	Enhanced Allocation to Financial Assets
Investment income	6,728	0.84	These three line items are closely related. In aggregate, they decreased by RMB2.676 billion year-on-year, representing a decline of 31.55%. This decrease was primarily due to fluctuations in the financial market, which caused a year-over-year decrease in income from financial assets.
Gains/(losses) arising from changes in fair value	(1,840)	(226.90)	
Foreign exchange gains	918	155.00	

Other Financial Information

Major Off-balance Sheet Items

Unit: RMB in million

Item	31 December 2025	31 December 2024	31 December 2023
Loan commitments	24,325	42,559	37,063
Bank acceptance	330,031	349,716	304,284
Guarantee and letters of guarantee issued	64,329	60,775	60,408
Letters of credit	137,900	95,884	70,526
Capital commitments ¹	1,449	4,254	4,564
Credit cards unused overdraft limit	786,292	818,097	853,128

Note: 1. Capital commitments only include capital commitments that have been contracted but not provided.

Change in Off-balance Sheet Interest Receivable

Unit: RMB in million

Item	31 December 2025	31 December 2024
Off-balance sheet interest receivable	6,747	7,248

Business Overview

Corporate Finance Business

Our Corporate Banking division thoroughly implemented the guiding principles of the Central Financial Work Conference and the Central Economic Work Conference, optimizing and strengthening the “Five Major Sectors” of finance to enhance the quality and effectiveness of our services for the real economy. By focusing on core responsibilities and strengthening value creation, we solidified our development foundation, advanced high-quality asset deployment, continuously optimized liability structures, and elevated the synergistic efficiency of integrated financial services, aiming to foster a new ecosystem for Guangfa Bank’s corporate banking operations.

Corporate Deposits and Loans Business

Focusing on the Five Major Financial Sectors, we continued to enhance financial supply. We intensified marketing efforts for strategic clients, positioning them as new growth drivers while deepening supply chain business expansion. We targeted high-quality state-owned enterprises, listed companies, and industry leaders while increasing loan disbursements. We leveraged our comprehensive financial service strengths to explore new business growth opportunities. We proactively engaged with key local construction projects to meet incremental financing demands. We leveraged supportive policies to empower technology finance, prioritizing the cultivation of cutting-edge technology enterprises in frontier sectors to build long-term advantages. With all the above-mentioned efforts, the Bank has achieved year-on-year growth in corporate loans exceeding RMB100 billion for three consecutive years.

The Bank continued to scale up its high-quality liabilities while optimizing its liability structure. By systematically reviewing key corporate products, target customer segments, and channel resources, we provided systematic guidance on deposit growth. We conducted in-depth analyses of specific scenarios, industries, and products to identify deposit growth potential. We enhanced synergistic deposit growth mechanisms through product portfolios, fully leverage product advantages, and strengthen the “Five Key Strategies” for stable and high-quality deposits. By integrating comprehensive financial services, payment settlement, and asset custody operations, we capitalized on the online expansion advantages of digital products. We reinforced payment settlement services for key clients and strategically deployed key products such as large-denomination certificates of deposit, structured deposits, and corporate wealth management solutions. This enabled targeted approaches and precise execution in deposit expansion.

Topic

Fulfilling Our Mission and Responsibility, Serving the Real Economy

The Bank earnestly fulfilled its mission as a domestically systemically important institution, deeply integrating corporate financial services into national strategic initiatives. Aligned with the requirements for advancing the Five Major Sectors, we continuously enhanced high-quality financial services for major strategies, key sectors, and vulnerable areas, providing comprehensive support for high-quality economic and social development.

Implement the decisions and plans of the Party Central Committee to empower the strategic development of key regions. We earnestly implemented regional development plans for the coordinated and integrated development of the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, and Yangtze River Delta, focusing on opportunities presented by the Greater Bay Area development to strengthen the financial support system for the region. We actively served the new pattern of coordinated development in the Beijing-Tianjin-Hebei region to promote efficient flow of regional factors. We deepened financial synergy and innovation in the Yangtze River Delta by aligning with the dual objectives of Integration and High-quality Development. We continued to increase credit allocation in key areas within strategic regions, including green finance, strategic emerging industries, and medium-to-long-term manufacturing loans, aiming to further elevate their share of our business portfolio, optimize the structure of credit allocation, and enhance our ability to serve the real economy.

Focusing on core responsibilities and primary business, and contributing to the development of a modern industrial system. With serving the real economy as our fundamental purpose, we consistently implemented the decisions and plans of the Party Central Committee, optimized the allocation of credit resources, and injected financial vitality

into industrial upgrading and the transition from old to new growth drivers. **In terms of serving the manufacturing sector,** we actively responded to the requirements for financial support of new industrialization, focusing on key areas such as enhancing industrial technological innovation capabilities, strengthening the resilience of industrial and supply chains, accelerating the development of a modern industrial system, and supporting the capacity building for new industrialization. We persistently improved the quality and efficiency of financial services. By the end of 2025, manufacturing loans have increased by 9.1% compared to the beginning of the year. **In terms of serving private enterprises,** we thoroughly studied and implemented the guiding principles of General Secretary Xi Jinping’s important speech at the symposium on private enterprises, actively carried out the requirements of the “Two Unwavering Principles”, and optimized financing products and comprehensive service solutions. By the end of 2025, the outstanding balance of loans to private enterprises has reached RMB486.6 billion, serving over 170,000 clients. **In terms of serving technological finance,** in response to the national innovation-driven development strategy, we have enriched our product supply system by launching key products that serve the development of new-quality productive forces. We actively explored new products and models to support technology enterprises, formulating innovative solutions such as New-Quality Loans and Technology Talent Loans. By the end of 2025, the outstanding balance of technology loans had increased by 25.3% compared to the beginning of the year. **In terms of serving green finance,** we strengthened resource safeguards, established long-term mechanisms, consolidated development foundations, and steadily advanced the construction of a green financial system. By the end of 2025, green credit grew by 40.6% compared to the beginning of the year. **In terms of serving strategic emerging industries,** we consistently focused on key sectors within strategic emerging industries such as the next-generation information technology, high-end equipment manufacturing,

Cross-border Finance Business

The Bank consistently supported cross-border business to serve the real economy and facilitate cross-border investment and financing, deepening high-level opening-up. First, we launched the “International Business Initiative” to establish a service mechanism for key clients and enterprises expanding overseas, supporting businesses in “going global.” Second, we continuously enhanced the bank’s online financing capabilities and product competitiveness by introducing the nationwide standard version of “Guangshang Loan” to create a flagship online financing product for cross-border e-commerce. We deepened the integration of technological empowerment and regulatory compliance to enable online verification of authorized enterprise information, thereby expanding the application scenarios of the cross-border financial services platform. Third, we continuously enhanced our comprehensive and specialized financial service capabilities, launching dedicated programs such as financial services for large enterprises expanding overseas and shipbuilding enterprises. Fourth, we actively advanced the implementation of trade facilitation and high-level opening-up pilot initiatives. During the reporting period, certain branches of the Bank, including those in Beijing, Shanghai, Guangzhou, Shenzhen, Foshan, Dongguan, Dalian, and Harbin, were approved for pilot qualifications. Fifth, we consistently optimized the “Cross-Border Instant Connect” series of our online international settlement products and launched an

“International Business Zone” to provide enterprises with one-stop cross-border financial services, which has effectively enhanced the online experience for international business operations and strengthened the market competitiveness of our products.

Leveraging the advantages of the Greater Bay Area, we innovated cross-border business models, fully utilized resources from both domestic and international markets, strengthened multi-platform collaboration across borders, aiming to enhance service quality and efficiency. During the reporting period, the Bank’s cross-border linkage business volume reached nearly RMB40.0 billion. We proactively responded to the trends of trade digitization and greening, leveraging technological empowerment to continuously harness the advantages of multiple platforms such as the General Administration of Customs’ Single Window and the SAFE’s cross-border financial services. By utilizing new drivers such as export credit insurance products, we further facilitated cross-border investment and financing for enterprises, providing convenient and secure comprehensive financial services to foreign trade companies.

semiconductor chips, and biopharmaceuticals. By fully leveraging our comprehensive financial service capabilities, we continuously enhanced product innovation and resource allocation efficiency, thereby strengthening financial support for strategic emerging industries. By the end of 2025, loans to strategic emerging industries had increased by 20.7% compared to the beginning of the year. **In terms of serving pension finance**, we focused on key areas such as the construction of elderly care facilities, elderly care technology and smart elderly care services, as well as the manufacturing of senior products and related goods. By effectively utilizing the combination of policy tools, including elderly care industry refinancing loans and interest subsidy policies for business entities in the service industry, we provided targeted financial support to enterprises in the elderly care sector.

Empowering service upgrades through digital technology to support government administration and public welfare. We focused on key areas of public welfare, deepening the government-bank collaboration through digital transformation of government services and scenario-based solutions. We have successfully completed end-to-end integration with the Guangdong Provincial Government Investment Project Fund Penetrating Supervision Business System and been selected for the provincial-level official partner bank directory in Guangdong. In the field of social security services, we have established a three-pronged collaborative service model encompassing counter services, online services, and self-service options. As a pioneer in national innovation, we have created a “self-service banking” scenario for social security operations, effectively extending social security administration services to the grassroots level. Successfully connected to the Jinmin System of the Ministry of Civil Affairs, the Bank was one of the second batch of commercial banks nationwide to provide systematic services for elderly care institutions, and has been playing an active role in implementing national strategies and driving high-quality development.



Business Overview

“Supply Chain Finance + Bills” Business

The Bank resolutely implemented the decisions and deployments of the Party Central Committee and the State Council, taking multiple measures to empower the development of the real economy. Aligning with the financial service needs of enterprises along industrial chains, we were advancing the digitalization, scenario-based, and online development of supply chain finance and corporate bill businesses, continuously providing new-quality services to the real economy.

Centred on the development of the “Factoring Center” and “Bill Center”, we focused on the settlement and financing needs of core enterprises within industrial chains and their upstream and downstream clients. We continuously enhanced our “e-Second Supply Chain (e秒供应链)” and “e-Second Bill (e秒票据)” product series, optimized resource allocation and internal coordination mechanisms, thereby achieving multi-product coverage, and delivering comprehensive solutions. We strengthened the supply of products such as “Payment Guarantee” and “e-Second Bill” while deepening interbank

asset circulation cooperation. We continuously expanded the reach of our supply chain partnerships with core enterprises to provide efficient and convenient financing channels for small and medium-sized enterprises across the entire industrial chain. During the reporting period, the Bank’s supply chain financing customer base continued to expand, with cumulative financing clients increasing by 64% year-on-year.

We continued to advance the digital and intelligent transformation of supply chain finance and commercial paper operations. By focusing on target customer segments and business scenarios, we enhanced information connectivity between banks and enterprises as well as between banks and government agencies, which enabled us to deliver differentiated, open, and ecosystem-based one-stop financial services. We implemented automated contract review, automatic credit limit activation and mobile business approval systems. These systematic enhancements have optimized end-to-end business processes and elevated customer service quality.

Topic

New-Quality Services Empowering Industrial Chain Development

Strengthen the application of product innovation to enhance business efficiency

The Bank continued to enhance the integrated innovation and application of its “E-Second Supply Chain” products, such as “Bao Fu Tong”, focusing on key business scenarios. Through providing in-depth settlement and financing services to core enterprises, upstream and downstream partners in industrial chains, and high-quality third-party platforms, we have achieved mutually beneficial synergy between industry and finance. First, based on business development and market demand, we continuously optimized products such as “Bao Fu Tong”, by expanding their coverage, so as to enhance our service capabilities for small and micro enterprises across the industrial chain. During the reporting period, “Bao Fu Tong” served over 6,400 upstream clients of our core enterprises. Second, we vigorously developed scenario-based finance, introducing specialized solutions centred on business scenarios such as financial leasing and off-balance-sheet arrangements to meet clients’ differentiated business needs. Third, we expanded the scope of supply chain product and service offerings, deepened cooperation with state-owned enterprises, leading companies in the industrial chain, and their self-built platforms, broadened our service reach, and further enhanced our service capabilities for enterprises within the supply chain.

Refine business process mechanisms and enhance technological empowerment

We actively streamlined our internal processes and mechanisms, giving full play of the role of financial technology in supporting our business operations. First, we further streamlined the supply chain business operations by fully leveraging big data and artificial intelligence technologies. We continued to advance the digital transformation of the entire lending process, from pre-loan to post-loan, to enhance the sustainable development capabilities of our business. Second, we actively optimized our internal coordination mechanisms. Through initiatives such as “One Branch Serving the Whole Country” and “Nationwide Service for One Client”, we provided comprehensive financial services to core enterprises and their cross-regional upstream and downstream clients within the industrial chain, thereby elevating the customer experience. Third, we advanced the ecological expansion of our supply chain ecosystem by continuously strengthening connectivity with core enterprises across the industrial chain, thereby deepening and broadening the scope of our supply chain financial services. During the reporting period, we established connections with 37 renowned supply chain service platforms and core enterprises within the industry, steadily expanding our customer channels for supply chain financial services.

Cash Management Services

We leveraged our digital channel system to address diverse corporate transaction needs, offering comprehensive settlement solutions across account management, corporate payments, fund consolidation, and regulatory clearing. We have launched the “Treasury Connect (财资通)” financial service platform to empower our clients with intelligent, efficient financial management, which has fostered a new ecosystem of scenario-based finance, precisely matching key scenarios with highly effective financial services.

Leveraging our strengths in “finance + technology”, we focused on iterating and upgrading our product system, while comprehensively optimizing the foundational product matrix of the “Intelligent, Pool and Guarantee” series. We innovatively launched the Hui Tong Zhi (慧通知) intelligent fund warning feature, the Sui Xing Bao (随行保) premium collection solution, and the e-Supervision (e监管) fund supervision service, as an effort to establish the 2.0 version of our corporate financial service center, while continuously enhancing the financial service capabilities of our cash management operations featuring integration of scenarios, technology and services. Such efforts have driven comprehensive improvements in client scale, product innovation, and service quality of our cash management operations. By the end of 2025, the number of clients of our “smart cash management” product series have added up to 50,300.

The Bank continued to advance the functional development of its Corporate Online Banking service and drive the “customer experience optimization plan”. New features such as an international business section and remote screen-sharing with our online customer service agent were launched, with the aim of enhancing the customer experience and further strengthening our market competitiveness. Our corporate mobile banking App now offers a HarmonyOS version and features like Mobile Treasury Connect (移动财资通), delivering convenient and efficient mobile financial services tailored for key business scenarios such as corporate account inquiries, transfers, approvals, reconciliation, international operations, and electronic bills. By the end of 2025, the number of corporate clients using electronic channel exceeded 400,000, representing an increase of 3.1% compared to the beginning of the year; the number of our corporate mobile banking APP users exceeded 210,000, representing an increase of 10.7% compared to the beginning of the year.

To empower enterprises in achieving digital financial management, we continuously upgraded our cash management service system. During the reporting period, we launched Treasury Connect (财资通), a one-stop digital platform for treasury management, addressing core corporate financial needs such as cross-bank account management, fund settlement, fund pooling, and fund monitoring. By the end of 2025, “Treasury Connect (财资通)” had signed 347 clients.

Investment Banking Business

The Bank’s investment banking business mainly focused on three areas, i.e. bond underwriting, syndicated loans, and merger and acquisition loans, leveraging the synergies across our product lines to support the high-quality development of the real economy from multiple angles.

In terms of bond underwriting, the Bank established a “whitelist for technology companies” and a fast-track mechanism. The Bank strove to enhance service efficiency by implementing “dedicated account managers, specialized approval processes, and priority underwriting”. Leveraging digital tools, the Bank focused on supporting strategic emerging industries such as information technology, energy conservation and environmental protection, and high-end equipment manufacturing. In total, the Bank underwrote 16 technology innovation bonds with a combined value of RMB3.9 billion. **In terms of syndicated loans**, the Bank fully leveraged the advantages of syndicated loans, such as their large amounts, broad scope of application, and flexible terms, to prioritize support for sectors such as technological innovation, advanced manufacturing, and green industries. We have successfully landed 109 syndicated loan projects totalling RMB11 billion, thereby continuously enhancing our capacity to serve key national strategic projects. **In terms of M&A financing**, the Bank focused on the development needs of technology-based enterprises in the Guangdong-Hong Kong-Macao Greater Bay Area. By conducting targeted research to optimize our M&A financing services, we have successfully implemented 18 M&A loan projects in key sectors such as technology, energy conservation and environmental protection, advanced manufacturing, green industries, and strategic emerging industries, with a total value of RMB4.5 billion. In particular, a total of RMB3 billion in loans for technology-related mergers and acquisitions was disbursed, representing a 60% year-over-year increase. These loans were primarily directed toward sectors associated with new-quality productive forces, such as new energy, quantum technology, and healthcare and pharmaceuticals, thereby ensuring the efficient allocation of financial resources to key areas of national strategic importance.

Business Overview

Corporate Customer Group

The Bank adheres to its “customer-centric” business philosophy, focusing on building a robust customer service system and continuously optimizing its business processes to drive the sustained growth in customer value. As of the end of the reporting period, the Bank had 570,000 corporate clients, fully demonstrating its market competitiveness and brand influence in the corporate financial services sector and providing strong momentum for its sustainable development.

Deepening integrated empowerment for strategic clients. As a core pillar of our corporate banking business, strategic client management focuses on key areas of the “Five Major Sectors” within the financial industry, aiming to build a comprehensive framework featuring “key industries + financial scenario + customer acquisition platform”. We deepened strategic partnerships with central state-owned enterprises, state-owned enterprises, listed companies, and industry leaders, while continuing to strengthen product innovation and application, integrating supply chain finance into our clients’ ecosystems, expanding our reach and broadening our scope to drive efficient customer acquisition, thereby achieving sustained growth in our comprehensive income. We have pioneered an HQ-to-HQ financing service model and established a collaborative service mechanism integrating commercial banking, investment banking, and asset management, offering comprehensive, full-lifecycle services covering financing planning, cross-border settlement, and investment-lending linkage, which prioritized the allocation of credit quotas and policy resources to effectively enhance our comprehensive service capabilities for strategic clients.

Focusing on developing institutional clients. Building on our enhanced services in the six core areas, i.e., finance, social security, housing provident funds, housing maintenance, healthcare, and education, we actively expanded into emerging client segments such as the political and legal sectors, village and community collectives, and labour unions to foster new drivers of business growth. During the reporting period, the number of our institutional clients exceeded 31,000, with an average daily balance of RMB deposits of nearly RMB320 billion, representing a year-over-year increase of 20%. We comprehensively strengthened our “HQ-to-HQ” cooperation with ministries and commissions responsible for finance, agriculture and rural affairs, education, and other sectors, and obtained 112 new business qualifications during the reporting period. We are the first bank in China to deploy the non-advance payment refund system of the Ministry of Education. By providing end-to-end local government bond

services, we helped governments address critical challenges. During the reporting period, the scale of local government bond investments exceeded RMB140 billion. We have launched an innovative “Digital Assets” product, providing the State-owned Assets Supervision and Administration Commission (SASAC) and state-owned enterprises with an end-to-end digital management platform for asset supervision, inventory maintenance, and operation. We have achieved full coverage of social security card services within Guangdong Province, accomplished end-to-end integration with the Guangdong Provincial Government Investment Project Fund Penetrating Supervision Business System and been included in the provincial government’s official list of partner banks. In the field of social security services, we have established a three-channel collaborative service model comprising “over-the-counter service, online service, and self-service”. We were the first in the country to introduce the innovative “self-service banking” scenario for social security services, which has successfully extended social security administration services to the grassroots level.

Promoting comprehensive services for main-stream customers. We focused on clients in “key regions and priority sectors”, leveraging the comprehensive financial resources of China Life Insurance Group to expand service scenarios and synergistic offerings across multiple dimensions, including integrated financing, asset appreciation and risk protection. We pursued a “tailored approach for each client” in client management, while strengthening client coverage and deepening cooperation to enhance economies of scale and overall returns, with the aim of continuously strengthening our market influence.

Driving steady growth in the core customer base. We continuously streamlined our product portfolio and enhanced the functionality of our products such as “Hui Lian Tong (惠链通)” and “Shu Qi Tong (数企通)”. By coordinating online comprehensive services with targeted offline marketing, we strove to meet the needs of small and micro-enterprises for financing and digital transformation. We have also optimized our business processes to improve handling efficiency, customer experience, and marketing effectiveness. We have established a digital industrial finance platform, aiming to effectively promote business leads. By leveraging data-driven approaches, we are now able to precisely target and acquire long-tail customers such as small and micro-enterprises, while driving steady growth in our core customer base through comprehensive services.

Retail Finance Business

We steadfastly uphold our service philosophy of “Serving the People through Finance”, focusing on value creation whilst steadily advancing the optimisation and upgrading of our retail management system. We are committed to continuously improving service efficiency and enhancing the customer experience. In key areas such as wealth management, consumer credit and customer base development, we are continuously refining our customer management systems and enhancing our capabilities for refined management. We continued to expand our product and service portfolio and enhanced our capacity to meet market demand. We extended the application of artificial intelligence and accelerated our digital and intelligent transformation. We continuously improved our expertise in integrated operations, streamlined management and integrated services to drive the high-quality development of our retail business.

Wealth Management Business

We continued to expand our product range, with the total number of distributed products exceeding 6,600, and our product supply capacity continuing to grow. We actively promoted the brand building of our Carefully Selected Funds, and launched customized Carefully Selected Fixed Income Plus fund products in line with market trends, with the scale of our distributed non-money market funds maintaining sound growth momentum. At the same time, we focused on the coordinated development of financing needs of corporate clients and investment requirements of individual clients, and developed a series of customized wealth management products to facilitate internal asset circulation, thereby ensuring that clients’ needs are precisely met.

In the private banking sector, the Bank was actively participating in pilot schemes for innovation in cross-border financial services. As one of the first pilot banks for the Cross-Border Wealth Management Connect scheme, during the reporting period, the Bank launched an upgraded

comprehensive financial services package by integrating diversified functions including cross-border product allocation, foreign exchange settlement services, and benefits of medical, health and elderly care clubs, so as to meet the comprehensive needs of its clients. In addition, we launched the “Cross-Border Payment Pass (跨境支付通)” service, as an effort to steadily advance the diversification of cross-border payment channels, offering our clients a brand-new cross-border payment experience featuring “one-click cross-border remittances with funds arriving within seconds”. At the same time, we continued to strengthen our investment advisory team, upgrading the functionality of our asset allocation system, and optimizing our intelligent investment advisory selection model. By utilizing systematic tools to enhance the efficiency of asset allocation, we aimed to provide clients with more tailored wealth management solutions.

Consumer Credit Business

The Bank actively responded to the government’s initiatives aimed at boosting consumption and expanding domestic demand by continuously increasing the volume of consumer loans, giving full play to the role of finance in supporting consumption. We strictly implemented the requirements of property market policies, supporting both basic and upgrading housing needs. During the reporting period, we granted a total of RMB21.452 billion in mortgage loans. To support the upgrading of household car consumption and the implementation of national policies such as the “trade-in” scheme, we vigorously expanded our car loan business by strengthening cooperation with dealers and auto makers. During the year, we granted new car loans amounting to RMB9.411 billion, representing a year-on-year increase of 202%. We strictly implemented the national policy on interest subsidies and continued to optimize the customer experience. We organised a campaign to “improve people’s livelihoods and boost consumption”, thereby promoting the growth in consumer lending, with a total of RMB34.575 billion granted.

Business Overview

Topic

Building on the Area's Unique Characteristics to Create the "GBA Integrated Social Security Card"

The Bank earnestly implemented the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area and the Regulations of Guangdong Province on the All-in-One Card for Resident Services via Social Security Cards. Based on our survey on the needs of residents in the three GBA regions, we innovatively launched the "GBA Integrated Social Security Card" product. This product utilized the Social Security Card as a carrier to establish a three-pronged service model featuring "hard connectivity (infrastructure), soft connectivity (rules/standards) and heart connectivity (people-to-people bonds)", thereby promoting the integration and convenience of services for residents in the Greater Bay Area.

In terms of "hard connectivity (infrastructure)", it pioneered the integration of social security cards and public transportation cards, enabling residents of the Greater Bay Area to travel south by boarding the MTR in Hong Kong, buses in Macao and cross-border buses on the Hong Kong-Zhuhai-Macao Bridge with their social security cards, while residents of Hong Kong and Macao could use their social security cards to access public transportation in over 330 cities in the Mainland, making us the first bank in the country to achieve full public transportation interconnectivity within the Guangdong-Hong Kong-Macao Greater Bay Area via social security cards.

In terms of "soft connectivity (rules/standards)", we actively liaised with local human resources and social security departments to obtain policy support. At branches

located near Hong Kong and Macao, we have piloted dedicated social security service counters for residents of Hong Kong and Macao, offering services in Mandarin, Cantonese and English. We have also extended social security services to our branches in Macao, facilitating local enquiries and online applications, thereby eliminating the burden of cross-border travelling.

In terms of "heart connectivity (people-to-people bonds)", we effectively integrated public services such as healthcare, dining and cultural tourism, and independently developed and launched an instant discount feature for payments made via personal medical insurance accounts, covering over 30,000 designated medical institutions in Guangdong Province. We partnered with over 200 high-quality senior citizens' canteens across the Bay Area to establish a distinctive dining service system for the elderly. We also introduced discounted admission offers for the top 20 most popular parks in the Greater Bay Area, in support of the development of cultural and tourism consumption in the region.

Since the product's official launch in October 2025, over 50,000 new cards have been issued, with new card issuance to residents of Hong Kong and Macao rising by 30% year-on-year. The product has been featured in reports by mainstream media outlets across Guangdong, Hong Kong and Macao, while garnering widespread recognition for its innovative and social value.

Credit Card Business

The Bank's credit card business remained committed to the principle of serving the public through finance while actively responding to the government's strategic initiatives to expand domestic demand and boost consumption, leveraging financial innovation to unlock consumer potential and injecting fresh momentum into the market for its recovery. Through expanding its high-quality customer base, innovating service scenarios, stimulating consumption growth, maintaining asset quality, and implementing measures to improve quality, reduce costs and enhance efficiency, it strove to deepen its comprehensive financial services to support high-quality economic development.

Continuously expanding our product offerings to facilitate acquisition of high-quality customers. The Bank's credit card business rolled out comprehensive upgrades to its flagship products, including those tailored for business travellers, car owners and women, whilst further optimizing its Zhen Series product strategy to provide customers with personalised and distinctive products and benefits. To support the development of green energy, the GF Huawei Card offered green energy vehicle owners benefits such as cashback on charging and roadside assistance. Deeply integrated with cross-border spending scenarios, the GF Mastercard-Fliggy Co-branded Card aimed to build a travel ecosystem that spanned both domestic and international destinations, offering a range of benefits across multiple sectors including hotels, flights, tourist attractions and transport. The GF Zhenrui Card was specifically tailored to the mid-to-high-end market, offering premium benefits across a range of sectors including travel, health and dining, thereby fulfilling customers' desire for a high-quality lifestyle and bespoke services; the GF Zhencui Card innovatively included leading brands in the tea and coffee sector among its cashback merchants, catering to the travel and hospitality needs of high-quality, mass-market customers,

primarily urban white-collar professionals, in the tea and coffee sector. By establishing a one-stop "finance + lifestyle" service matrix and creating a comprehensive financial services ecosystem, it aimed to deliver a superior experience for its customers.

Actively serving the nation's fundamental interests, and demonstrating the intrinsic purpose of finance: serving the people. We strove to fully tap into consumer potential, collaborate with high-quality merchant partners, and expand the provision of high-quality financial services. Online, we collaborated with payment platforms and leading brand retailers to launch consumer discount schemes covering scenarios such as retail, catering and lifestyle services; offline, we focused on popular "trade-in" initiatives for home appliances and digital goods, whilst running subsidy schemes in conjunction with government-issued consumer vouchers; Rooted in the financial development of the Greater Bay Area, we actively promoted diverse consumer experiences. The Guangfa Card bridges the worlds of sports, cultural tourism and commercial consumption, thereby driving the integration of culture, sports, commerce and tourism, as well as economic development across the Guangdong-Hong Kong-Macao Greater Bay Area. We strengthened our cooperation within the commercial circle by introducing national chain stores and local mid-to-high-end retailers, capitalising on key marketing opportunities, and innovatively launching consumer-friendly promotions and enhancing the customer experience. Taking localised innovation as a starting point, we delved deeply into the city's cultural characteristics and local consumer preferences, devising tailored promotional activities suited to the local context, aiming to create marketing highlights that reflect the city's unique character and build a vibrant consumer ecosystem with "scenarios as the carrier and finance as the support", thereby fostering the deep integration of financial services with urban life.

Business Overview

Advancing technology-driven transformation and upgrades to enhance the quality and efficiency of our operations and services. By leveraging large financial models to establish a smart decision-making hub, and integrating deep learning technology to develop intelligent recommendation models and a customer health assessment system, we accurately profiled our clients, aiming to gain deeper insights into their needs, optimize service delivery channels, and effectively enhance the quality and efficiency of customer management efforts. We continued to deepen the application of intelligent innovation to empower our business, as per which we had established 50 application scenarios for large language models and intelligent agents, covering areas such as marketing, risk management, customer operations and channel services. We further empowered us with technology, using intelligent technologies and risk management platforms as our technical foundation, and drawing on big data analytics to drive the agile iteration of models and strategies, thereby continuously enhancing the accuracy and sensitivity of risk identification. We have launched a new-generation intelligent customer service platform and established a “three-in-one” service system, combing human agents with intelligent assistants, an intelligent knowledge base and automated outbound calling services to comprehensively enhance service quality and efficiency, as well as the customer experience.

Effectively controlling risks and improving quality to establish a sound long-term mechanism. Focusing on enhancing the acuity, precision and sophistication of our risk management efforts, we strove to comprehensively strengthen our proactive, penetrating and intelligent risk control capabilities, and continue to optimize our end-to-end risk management cycle, thereby laying a solid foundation for

high-quality development. By strengthening forward-looking risk management, strictly controlling incremental risks, and optimizing the structure of incoming customer applications, refining approval and credit management, and enhancing joint prevention and control across all channels, we strove to strictly control risk exposure from the source. By mitigating existing risks, dynamically optimizing our monitoring and early-warning system, and using behavioural rating models to dynamically calibrate customer risks, we implemented targeted measures to reduce high-risk assets. By strengthening our post-lending debt recovery and disposal efforts, optimizing risk mitigation and resolution mechanisms, and further developing intelligent debt collection and diversified disposal tools, we implemented a range of measures to enhance the effectiveness of debt recovery and disposal, comprehensively improve the efficiency of risk management and control, thereby providing a solid foundation for the high-quality development of our business.

During the reporting period, the credit card business received numerous honors, including: the “National Excellence Award in the 2025 Confidentiality Public Service Announcement (Creative Scripts and Posters) Collection Campaign”, presented by the Office of the Central Secrecy Commission; the “Second Prize of the 2024 Fintech Development Award”, presented by the People's Bank of China; the “2024 Outstanding Risk Control Practice Award”, jointly presented by the Economic Crime Investigation Department of the Ministry of Public Security and China UnionPay; the “2025 Golden Brick Award for Financial Industry Annual Appraisal”, presented by Southern Metropolis Daily; the “Efficiency Pioneer Award” for Customer Service, presented by China UnionPay; the “2025 Most Popular Issuer Award” and “Top 10 Credit ABS Products of the Year Award” at the 10th China CNABS Annual Summit.



Topic

Cultivating Local Cultural Characteristics to Revitalise Consumer Spending

Our credit card business steadfastly upheld the political attributes of finance in serving the people, with priority given to the “Five Major Sectors”. By channelling financial resources to empower the real economy and meet people’s livelihood needs, leveraging the functions of credit card payments and micro-credit, with scenario innovation and service optimisation as the key focus, we proactively organised initiatives to facilitate payments and offer discounts. We also actively implemented the “trade-in” policy, deepened the “one city, one policy” regional development strategy, identified distinctive urban scenarios, and allocated resources in a manner tailored to local conditions, aiming to continuously enhance the quality and efficiency of our financial services.

Expanding the scope of the “trade-in” consumption scenarios with national subsidy to stimulate new momentum in consumer spending.

We took a firm hold of the opportunities presented by the national ‘trade-in’ policy while fully leveraging the pivotal role of credit card spending, using financial measures to expand domestic demand and stimulate consumption, thereby effectively boosting consumer confidence. We deepened strategic partnerships with governments, large enterprises and local businesses to launch inclusive “trade-in” schemes tailored to local characteristics. By offering preferential interest rates and organising targeted marketing campaigns, and leveraging the synergy of integrating “government subsidies, financial support and corporate concessions”, we strove to ensure that subsidy policies benefit the people in a well-planned manner. We focused on key sectors such as green and smart home appliances, mobile phones and digital devices, and smart home systems, and collaborated with online and offline platforms as well as local authorities to attract brand retailers offering government-subsidised instalment plans, as an effort to strengthen financial support for the production, servicing and consumption of smart home appliances, foster the development of the “trade-in” market for consumer goods, and accelerate the cultivation and development of new productive forces.

Pursuing a path of sustainable development and leveraging the power of finance to safeguard our “clear waters and lush mountains”.

In line with the national strategy for the development of new energy vehicles, we remained steadfast in our commitment to serving national strategic objectives through financial services, upholding the principles of green finance, deepening strategic partnerships with leading new energy vehicle brands, and prioritise lending support for the new energy vehicle market. We introduced initiatives such as instalment plans for new energy vehicles (NEV) and benefits for NEV owners, integrating financial services deeply into residents’ green consumption scenarios to stimulate demand for green consumption; we offered flexible down payment policies for new energy vehicle brands and collaborated with manufacturers to run phased interest subsidy campaigns, thereby reducing the cost of vehicle purchase for customers. We leveraged digital approaches to optimize credit facility processes, accelerate operations across the entire business chain, comprehensively enhance the efficiency and the customer experience in the automotive finance process, and precisely meet the diverse

needs of car owners, helping consumers to better participate in the transition towards green consumption, and building a more convenient and practical ecosystem for green mobility powered by new energy.

Deepening engagement with local cultural heritage to revitalise regional consumption.

Focusing on the preferences of young people, who seek unique consumer experiences, cultural resonance and local characteristics, we have selected 27 key cities across the country and partnered with nearly a thousand well-known local brands, covering over 4,000 physical stores, to stage themed activities such as “Taste of the City” and “Integrated Culinary and Cultural Tourism”. In Guangzhou we hosted special events centred around the iconic Canton Tower and with the theme of “An Aerial View on the City of Rams: A Culinary Journey in the Clouds (塔映羊城云端食遇记)”, spanning four of the city’s most popular shopping districts and encompassing a variety of consumer experiences, including dining and shopping; in Changsha we launched themed events titled “Autumn Feast in Old Changsha: Traditional Flavours Meet Modern Trends (秋飧老长沙烟火入新潮)”, blending Hunan cuisine with trendy retail brands; in Hangzhou we launched the promotional campaign titled “Taste of Hangzhou in Winter (寻味冬杭)” in collaboration with core shopping districts to offer bundled benefits, aiming to create a seamless “dining + shopping” experience; and in Beijing, we selected authentic Beijing restaurants to host the “Traditional Beijing Flavours and Tastes (京韵烟火 传统味道)” themed events, offering both locals and tourists a more value-for-money experience of authentic Beijing cuisine. By focusing on local markets and adopting a differentiated approach, we have established a regional ecosystem of financial services that meets local needs and is blended into people’s daily life.

Sports events in sync with the economy to create new consumption opportunities during the National Games.

We strategically developed a comprehensive consumer experience featuring “sports events plus culture and tourism” during the National Games, centred on the theme of “Sport for All, Sharing the Excitement (全民运动·广发精彩)”. This initiative covered all aspects of consumption, i.e., dining, accommodation, transport and entertainment, and would witness the implementation of a series of targeted consumer activities designed to benefit the public, in line with the theme of “universal participation (全民参与)” and “National Games for the People (全运惠民)”. Through the “National Fitness Unlock Initiative”, we offered points-redemption discounts on sports equipment, helping consumers to pursue an active lifestyle. Following the “National Games+” city tourism routes, we developed unique benefits tailored to customers’ core needs in terms of attending matches, travelling for leisure, and visiting popular shopping districts. We combined events with retail spending to innovatively created a “sport + culture + finance” consumption model. By establishing a comprehensive incentive system across the entire sports-consumption ecosystem, we have effectively harnessed the consumption momentum generated by sporting events, thereby vitalising integration of culture, sports, commerce and tourism within the Guangdong-Hong Kong-Macao Greater Bay Area.

Business Overview

E-Banking Business

During the reporting period, the Bank continued to advance its digital transformation with the launch of the annual version 11.0 of its mobile banking app under the theme “Guangfa for the People, Happiness +1”. Focusing on four key areas, i.e., “elderly care for the people, healthcare for the people, wealth management for the people, and empowered by AI”, we are committed to enhancing the convenience, security and efficiency of our mobile financial services through functional upgrades and service optimisation, thereby increasing customers’ sense of satisfaction and well-being with regard to financial services.

Proper care for the elderly, unhurriedness “+1” — building a new ecosystem for lifelong financial services for the elderly. In response to the trend of an ageing society, we have established an online service system centred on “smart support for the elderly, high-quality preparation for retirement, and warm care for the elderly”, which covers retirement planning, asset allocation and lifestyle services, helping our customers to face the challenges of ageing with confidence and enjoy a more secure and comfortable retirement.

Healthcare for the People, Vitality “+1” — Creating a new “sport + finance” service model. We actively responded to the ‘Healthy China’ strategy, we are innovatively building a ‘finance + sport’ ecosystem, engaging with customers through fun, interactive experiences to help them enjoy life to the full, and enhancing the warmth and vitality of our financial services.

Convenient investment and financing, confidence “+1” — Personalised services support the steady growth of assets. With the aim of delivering professional and efficient financial services, we were comprehensively upgrading key areas such as personal loans, wealth management products, customer service and customer benefits programmes to meet our customers’ diverse needs.

AI empowerment, understanding “+1” — Technology driving improvements in both user experience and security. Leveraging cutting-edge technologies such as artificial intelligence and big data, we strove to build an intelligent service and security protection system to ensure that our services better understand users and provide them with greater confidence, thereby enhancing the customer experience and security.

During the reporting period, our Mobile Banking 11.0 was recognized as a “Pioneering Case in Mobile Banking AI Applications” at the 2025 Boao Forum for Entrepreneurs – Conference on the Secure Development of Digital Finance and Annual Joint Digital Finance Promotion Event, organised by Xinhua News Agency.

Retail Customer Group

The Bank focused on its “customer-centric” business philosophy, strengthening its capabilities in systematic, refined and digital-intelligent customer management, and consistently enhancing the quality of customer management and the service value. By the end of the reporting period, the Bank’s wealth management and private banking client base grew up to 1,438,600, representing a 7.57% increase compared with the beginning of the year; retail AUM exceeded RMB1 trillion, representing an 8.42% increase compared with the beginning of the year.

Continuing to refine our retail customer management system. We further improved the intensive business model for long-tail clients, as per which we leveraged technologies such as big data and artificial intelligence to develop intelligent business strategies; we also implemented omnichannel engagement, and strengthened digital engagement with potential customers. We further optimized the tiered management and refined management models for mid-to-high-end clientele, while advancing the development of China Life One-Account wealth management platform, client management and ecosystem building, and further improving the service for high-value clients.

Constantly expanding our product offerings and strengthening allocation of clients’ assets. We vigorously enhanced our headquarters’ market analysis and product selection capabilities, while continuously optimizing our product portfolio strategies, focusing on the development of premium brands such as “GF Select”, and boosting product competitiveness. We strove to expand our product offering by establishing a well-organised, comprehensive range of products, and increase the supply of best-selling and distinctive products to meet clients’ diverse asset allocation needs. We relentlessly strengthened our market research and investment analysis capabilities, as well as our ability to provide ongoing investment research support for clients, while striving to enhance our capabilities in offering bespoke solutions for high-net-worth clients and asset allocation, thereby improving our ability to create value.

Accelerating the application of artificial intelligence technologies and strengthening the role of technology in driving development. We have built a unified profile tagging repository for the retail sector to gain in-depth insights into customer needs. By adopting large-scale model technology, upgrading the Strategy Brain platform, and optimizing intelligent service channels such as WeCom and AI-powered outbound calling, we strove to respond more accurately to and meet customer needs throughout their entire lifecycle, thereby continuously enhancing the level of intelligence in our customer service.

Financial Market Business

Following the high-quality development path, the Bank's Financial Market Business resolutely implemented the national strategy, and actively served the real economy. During the reporting period, its interbank assets and liabilities achieved a steady growth, with its business structure constantly improving and the scale of asset custody business reaching a record high. Additionally, the Bank's interbank financial cooperation continued to expand in both breadth and depth; product innovation and investment and research capabilities were further strengthened; risk prevention and control mechanism continued to solidify, and digital intelligence transformation steadily advanced.

Financial Institution Business

Adhering to the business philosophy of "customer-centric", the Bank provided high-quality comprehensive financial services to its interbank clients, and effectively expanded the interbank cooperation both in breadth and depth. The Bank continued to improve the interbank customer credit management and interbank counterparty access management mechanism, and strengthened risk prevention and control, promoting the steady development of interbank asset and liability businesses. Leveraging its unique edge as "a specialized bank serving the insurance industry", the Bank integrated resources to steadily enhance capabilities in product sales, interbank payment and clearing services, and joint investment services. The Bank enriched the product line of the Cross-Border Interbank Payment System (CIPS) for RMB transactions and improved the construction of correspondent bank network, to support the internationalization of the RMB and high-standard opening up. The Bank provided high-quality services to financial market infrastructure institutions and third-party custody customers, while actively supporting the development of the capital markets. It actively facilitated the application of large AI models in interbank lending, interbank data governance, and compliance risk management, thereby further advancing the digital and intelligent transformation of its interbank business.

At the end of 2025, the Bank's financial institution customers covered banks, wealth management companies, insurance providers, securities firms, trust companies, funds, financial leasing companies, finance companies, auto finance companies, consumer finance companies and other types of financial institutions. The Bank has established SWIFT RMA relationship with nearly 1,000 financial institutions in 90 countries and regions around the world. The total number of the CIPS indirect-participant customers ranked the 4th among the joint-stock commercial banks.

Financial Market Business

The Bank actively responded to market changes, focusing on advancing the "Five Major Sectors" to support the development of the real economy. By strengthening its investment research, trading and customer service capabilities, the Bank constantly enhanced its market competitiveness and value creation capacity, whilst reinforcing its comprehensive risk management framework to facilitate the high-quality development of its financial markets business.

In terms of investment transaction and market making, the Bank served as a primary dealer in the open market, a Shibor quotation bank and a member of the underwriting group of treasury bonds and policy financial debts. The Bank also acted as a market maker for RMB exchange rate, bonds, derivatives, notes and precious metals. During the reporting period, the Bank continued to enhance operational level and

investment trading capabilities in the financial market business, and strengthened macroeconomic policy research and market trend analysis. The Bank seized market opportunities, and optimized allocation strategies. Also, the Bank refined asset and liability management and reinforced risk compliance management, achieving steady growth in transaction volume and operational efficiency. The Bank supported the investment in thematic bonds including technological innovation, advanced manufacturing, green development and inclusive finance, contributing to the development of the technology-themed bond segment in the bond market. Meanwhile, it actively fulfilled its duties as a market maker, strengthening its market-making capabilities and enhancing the quality of its Bond Connect (债券通) business.

In terms of customer transaction business, the Bank focused on the origin of finance and was dedicated to serving national development strategies. The Bank provided customer financial products and services, including exchange rate, interest rate, precious metals, bond underwriting and distribution, contributing to both financial sector advancement and stable economic development. Moreover, to support the national strategy of coordinated regional development, the Bank actively participated in the underwriting and distribution of local government bonds, credit bond investment by the key corporate clients, and enterprise foreign exchange trading services in the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei region, the Yangtze River Economic Belt, the Belt and Road Initiative and other national key development regions, offering exchange rate risk management solutions for enterprises, serving to bolster the real economy and promoting high-standard opening up.

In terms of wealth services, the Bank remained committed to a customer-centric approach while constantly strengthening our product research, investment, and trading capabilities, deepening the quality and efficiency of our wealth management product offerings and services. During the reporting period, we continuously iterated and adapted diversified wealth management products for our clients, focusing on upgrading wealth management services and supporting the goal of optimizing asset allocation.

In terms of technology empowerment, the Bank continued to deepen the digital transformation of its investment and trading businesses while striving to keep pace with cutting-edge AI technology trends, advancing and refining the construction of its automated market-making and quotation system, continuously enhancing the cloud migration and direct connection level of its operations and strengthening the quality and efficiency of its services to grassroots clients. The Bank also strove to enhance the risk management mechanism for digital and intelligent financial markets while constantly optimizing the risk prevention and control mechanisms of its businesses, extending its risk prevention measures from during-event and post-event to pre-event.

During the reporting period, the Bank was honoured with several prestigious awards, including the "Institution with Market Influence", "Institution with Market Innovative Businesses", "Excellent Foreign Currency Deposits Member in Interbank Foreign Currency Market" from the China Foreign Exchange Trade System, the "Excellent Underwriter" from the China Development Bank, the "Twenty Years of Partnership Award" from Agricultural Development Bank of China and the "Excellent Underwriter" and "Foreign Trade Quality & Efficiency Improvement Leading Institution" from The Export-Import Bank of China.

Business Overview

Asset Custody Business

The Bank actively adapted to the new requirements for high-quality development in the capital markets. In adherence to the working principle of “leveraging strengths, developing distinctive features, refining strategic layout and addressing weaknesses”, we continued to develop the professional capabilities of our asset custody business, strengthening the coordination and integration of resources, and driving innovation in products and services, thereby ensuring high-quality development of our custody business.

Committed to serving national strategies, we actively facilitated the entry of “patient capital” into the market and have implemented a number of major custody projects that support the development of new productive forces and accelerate the growth of strategic emerging industries. Actively supporting comprehensive rural revitalization, we accomplished China’s first temperature-index insurance + banking transaction, aiming to create an innovative mechanism in which banks, futures firms and insurers work together to support agricultural development. **Focusing on completing our professional qualifications**, we strove to obtain licences to provide custodian services for Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (QFII&RQFII), thereby further expanding our channels for the development of custodian services. We have obtained the qualification as a designated custodian bank for futures margin deposits from overseas clients at the Zhengzhou Commodity Exchange, as we continued to complete the collection of licences from the five major futures exchanges. **Focusing on fostering distinctive operating features**, we constantly optimized our basic and value-added custody service systems, with the intra-group synergy scale within China Life Insurance Group exceeding RMB1.22 trillion. We deepened our engagement in financial infrastructure by managing the asset management accounts of Ruizhong Life Insurance, with our distinctive competitive strengths continuing to shine through.

As of the end of 2025, the Bank’s asset custody and operational outsourcing business volume grew up to RMB4.33 trillion, maintaining the highest growth rate in private fund custody among joint-stock commercial banks for three consecutive years, for which it was awarded the “Growing Custodian Bank of the Year” at the 2025 East Money Asset Management Summit and “Outstanding Private Fund Custodian of 2025” at the 20th 21st Century Financial Annual Conference.

Wealth Management Business

The Bank has established an investment research system focusing on fixed-income investment and multi-asset allocation for wealth management business, created a product matrix of “five series and more than 13 subcategories” based on the characteristics of risk and income, and established a multi-asset, multi-strategy, 7x24 net worth product system, realizing the leap from a low-risk wealth management expert to a professional all-asset management brand. Besides, the Bank has created a safe, professional and efficient information technology ecosystem, and enhanced the ability to provide differentiated financial technology services. For details, please refer to “Business Overview – Major Holding Subsidiaries”.

Topic

Focusing on the Implementation of National Strategies to Establish a New Paradigm for the Development of Asset Custody Business

We remained committed to serving the real economy as our fundamental mission, while continuously enhancing the scope, depth and precision of our support for the real economy. Through high-quality financial services, we underpinned the high-quality development of our custody business and contributed to the nation’s ambition to become a leading financial power.

By practising the political nature of financial services, we are committed to implementing national strategies and actively supporting the “Five Major Sectors” in the financial industry by means of launching a number of insurance-backed debt and equity investment schemes, as well as private fund custody products, in such areas as clean energy and technological innovation. In line with our commitment to supporting the implementation of major national strategies and regional economic development, the scale of our custody products directly channelled into the real economy approximated to RMB830 billion, thereby supporting the innovative development of enterprises.

By implementing the people-oriented principle of financial services, and based on our futures custody business, we accomplished China’s first “(Temperature-Index) Insurance + Banking” transaction, aiming to create an innovative mechanism in which banks, futures firms and insurers work together to support agricultural development. In addition, focusing on inclusive finance initiatives such as public funds, bank wealth management and large-scale collective investment schemes offered by securities firms, we actively explored opportunities for collaboration with key clients, and continued to prioritise services that benefit the public.

By enhancing the professionalism of financial services, we continued to advance the establishment of a specialised digital financial service system, while finalising the overhaul and upgrade of the futures margin system, launching the custodial services performance monitoring platform, optimizing the functionality of the value-added services system, continually expanding the scope of our services, and leveraging new technologies to empower business growth and enhance efficiency.



Financial Technology

In 2025, under the theme of “deepening the effectiveness of digital business and strengthening the capacity to serve the real economy”, the Bank formulated the “2025 Digital Finance Work Plan of Guangfa Bank” to comprehensively drive the digital transformation of its financial products and services. During the reporting period, the Bank’s total investment in technology amounted to RMB3.09 billion, representing 4.83% of the Group’s revenue. As at the end of 2025, the Bank had a total of 2,003 IT staff, accounting for 5.97% of its total workforce.

Strengthen the Construction of Product and Service Capabilities to Improve the Quality and Efficiency of Financial Services in Key Areas

Strengthening the digital capabilities of retail business.

We established a retail credit business management platform to comprehensively enhance user experience and optimize process quality and efficiency. Additionally, we rolled out the Auto E-Loan product and successfully implemented branch-specific services, including Rural Insurance Loan, Car Owner Loan, and Battery Leasing Loan. We launched a next-generation intelligent customer service system and rolled it out to all customers, indicating the completion of an intelligent customer service framework characterised by the “three integrations and one operation”, i.e., the integration of digital and intelligent technologies, the integration of all media channels, the integration of business and service functions, and social media-based operations, which supported an average monthly call volume of approximately 3 million. We optimized the age-friendly features of the “Senior Edition” mobile banking app, while introducing the innovative “GBA Integrated Social Security Card”, and extending integrated social security and banking services to cover more regions. We upgraded our wealth management products by introducing redemption and conversion services, as well as yield upgrade options. We also expanded our product shelf to include a wider range of wealth management products, funds, and insurance.

Enhancing the digital capabilities of corporate banking business.

We have built a digital industrial finance platform, and completed the development of the mobile version of the Industrial Center, with which we were able to deliver targeted information on high-tech enterprises, and empower branch offices to conduct cross-regional joint marketing. We advanced the connection of supply chain finance platforms, with 14 new platforms connected, thereby providing a key channel for the Bank to acquire customers

in bulk. We launched “Hui Lian Tong (惠链通)”, non-core-reliant supply chain model product, to expand the product portfolio of our inclusive finance platform and support the innovative development of inclusive finance products. Our Bao Fu Tong (保付通) helped with the launch of 317 projects online, serving over 6,400 supplier clients. We also facilitated the quick completion of policy tasks of interest subsidies for loans to entities in the service sector, which supported functions such as the approval and reimbursement of interest subsidies.

Boosting the digital capabilities of financial market businesses.

We launched bond and interest rate swap trading robots to enhance the intelligence of market-making activities. We also strengthened the management of foreign currency bonds and upgraded credit risk control, continuously optimizing our trading decision-making system. By introducing large AI models and robotic process automation, we enabled intelligent operations across our asset custody system cluster, significantly boosting operational efficiency. Furthermore, we completed the reconstruction and upgrade of the futures margin depository system, paving the way for securing the overseas futures depository qualification from the Zhengzhou Commodity Exchange. We accelerated the rollout of innovative CIPS products, successfully launching the nation’s first enhanced CIPS services for centralized account visibility and fund pooling. Meanwhile, CGB Wealth Management connected to the new-generation wealth management registration and custody exchange platform and expanded its network of external distribution channels.

Expanding our digital service ecosystem to support the digital transformation of industry customers.

We developed a suite of digital ecosystem products, including Shu Qi Tong (数企通), Cai Zi Tong (财资通), Zheng Min Tong (政民通), and Guang Hui Tong (广慧通). Shu Qi Tong has cumulatively served 65,000 corporate clients, with new clients added in 2025 driving average daily deposit balances of nearly RMB10 billion. Cai Zi Tong has served 347 corporate clients, contributing deposit balances of over RMB6.3 billion and generating RMB5.8 million in fee income. Zheng Min Tong has served 2,321 corporate clients, bringing in deposit balances exceeding RMB13.8 billion. At the same time, Guang Hui Tong provides clients with fund payment and settlement services, driving average daily deposit balances of over RMB5.5 billion and achieving cumulative operating income of more than RMB100 million.



Business Overview

Advancing Digital Operation Capability to Enhance Management Quality and Efficiency

Enhancing digital capabilities for risk prevention and control. We continued to develop and upgrade our big data-driven intelligent risk control platform, implementing real-time risk control for debit card financial transactions and other functions. In addition, we introduced new intelligent modules for anti-fraud account screening and anti-fraud case investigations, thereby effectively enhancing the quality and efficiency of our anti-fraud efforts. We optimized the corporate payment process, enabling automatic validation at key stages and risk alerts. We have also enhanced the compliance AI Q&A functionality to support intelligent retrieval and contextual recommendations of regulatory knowledge, thereby providing efficient and accurate compliance knowledge services across the bank.

Empower the digital and intelligent transformation of operational business. We have launched our smart assistants, i.e. “Yun Xiao Er (运小二)” and “Ying Xiao Zhi (营小智)”, among which “Yun Xiao Er” supported nine key service scenarios, including instant Q&A, handling an average of 5,000 enquiries per day, with a 93% satisfaction rate for its responses; “Ying Xiao Zhi” focused on reducing the administrative burden at the grassroots level, improving service efficiency and enhancing risk prevention and control. It has integrated large-language model capabilities into 13 RMB and foreign currency business scenarios across the Company’s three major sectors, i.e. corporate finance, retail finance and financial markets. Since its launch, it has processed over 100,000 transactions, with a

recognition accuracy rate of 94%. “Yun Xiao Er” and “Ying Xiao Zhi” saved a total of 55,000 hours in waiting, manual responses and operation throughout the year. We actively promoted the lightweight transformation and functional upgrade of our lobby equipment by rolling out the “Mobile Lobby” functions, achieving a mobile authorization diversion rate of 82%. We were also developing an integrated account platform, aiming to establish a unified view of customer accounts, and leverage intelligent models and monitoring functions to diversify our account risk management tools, thereby further improving the level of account risk prevention and control.

Enhance the degree of refinement in internal management.

We have completed the overhaul of the asset information management application by optimizing the workflow engine and form engine, thereby improving the efficiency of asset-related business processes. Our e-Finance application has integrated credit card expense claims with administrative approval processes, processing over 16,400 transactions annually. We have realised transaction-level price-tax separation and automated processing across the bank, reducing batch processing time by one hour. With the launch of the Intelligent Business Analysis Project (Phase II), we were capable of AI-assisted one-click generation of business reports, and developing business forecasting and scenario simulation capabilities to provide data-driven support for management decision-making.

Topic

Build Comprehensive Digital and Intelligent Capabilities and Promote Innovative Applications of “AI+”

In 2023, the Bank introduced open-source large language models and has been actively pursuing research and practical applications. In 2025, following the launch of the open-source large language model DeepSeek-R1, the Bank vigorously developed AI applications, building up computing power, models and platform tools, and promoting the use of AI in areas such as operations, retail banking, risk management and compliance, facilitating the implementation of 158 large language model application scenarios. The Bank deeply addressed the application needs of in-house staff, effectively enhanced the level of digital and intelligent transformation in office operations, and continuously empowered business quality and efficiency improvement.

Building our digital and intelligent capabilities

We have been stepping up our investment in resources, rapidly increasing computing power and accelerating the development of our AI platform to provide the necessary infrastructure for large-scale deployment. In terms of

computing resources, we have established a foundational data science platform which supports the fine-tuning and efficient inference of large-scale models with hundreds of billions of parameters, thereby enhancing the efficiency of computing resource utilisation. In terms of model algorithms, we have established a model repository and deployed 17 large language models, including the Tongyi Qianwen Qwen series and DeepSeek-R1, covering general-purpose models such as language, multimodal and code models, and completed the deployment, roll-out and optimisation of these models.

Promoting smart platform tools

We have built our intelligent knowledge base, and established 133 knowledge categories containing 280,000 documents, with an average of over 2.7 million queries handled daily. We have launched the AI Center portal to internal users, introducing AI tools such as intelligent reporting, intelligent data querying and intelligent charting to meet high-frequency, common needs of internal users, whilst supporting rapid implementation across various scenarios and personalisation.

As of the end of 2025



Implemented
158
large language model
application scenarios

Intelligent
Knowledge Base



Established
133
knowledge
categories

Contained
280,000
documents

An average of over
2.7 million
queries handled
daily

Advance the Construction of the Data Management System and Strengthen Capabilities in Data Management and Service Provision

Continuous enhancement of data capabilities. We strengthened the accumulation of data resources to provide data support for customer acquisition, risk management, regulatory reporting and business decision-making, with the number of accumulated data tables in the Head Office data lake exceeding 15,000.

Comprehensive enhancement of our platform's capabilities. We actively leveraged AI technology to drive the intelligent transformation of our business, with AI-powered marketing strategies and AI assistant introduced in our unified marketing platform, which has facilitated a shift from segment-based marketing to a "tailored approach for each customer", thereby enabling rapid resolution of business queries. Our intelligent risk control platform introduced scenarios such as anti-fraud AI case investigation reports for debit card transactions; our knowledge graph platform has enhanced the operational efficiency of corporate clients with the assistance of the "AI Eagle Eye"; and our data analytics platform has launched intelligent query and intelligent charting functions, effectively raising the level of intelligence in data analysis and application.

Unlocking the value of data empowerment. Building on a data middle platform and combining technologies such as algorithmic models and data visualisation, we delved deeply into the value of data to gain insights into customer needs, thereby providing data support for business marketing, risk management and other areas. Our unified marketing platform has integrated over 10,000 tags, connects with 34 marketing channels, and supports an average of 2,000 marketing campaigns each month, reaching 1.6 billion customers; Our intelligent risk control platform has incorporated 41 channels and 179 business scenarios, and deployed 14 risk control models. It monitors an average of over 30 million transactions daily and, through omnichannel closed-loop management, intercepted 970,000 high-risk financial transactions during the reporting period, thereby effectively reducing the incidence of risk events.

Our AI Center portal serves over 20,000 internal users, with more than 9,000 monthly active accounts and an average of over 200,000 interactions per month. Our intelligent reporting system supports the rapid generation of analytical reports and has already been implemented for scenarios such as personal loan risk analysis reports, personal loan write-off reports and financial and operational analysis reports. Smart Data Query supports natural language queries of business data, integrating with over 4,000 retail metrics and more than 400 corporate metrics.

Developing smart application scenarios

Through the integration of technology and business operations, we focused on areas such as business marketing, customer service, risk and compliance, and efficiency improvements, systematically advancing the application of AI. By the end of the reporting period, 158 large language model application scenarios had been implemented. In the area of wealth management, we have developed the "e-Assistant (E小助)", an asset management assistant, which includes a marketing assistant, news companion and product recommendation assistant.

It has reduced the time spent in news and information processing from four hours to ten minutes a week, whilst tripling the accuracy of business opportunity identification. In the area of retail lending, we have developed the "Yun Zhu Shen (云助申)" for pre-loan screening and the "Ling Xiao Tong (零小通)", a knowledge-learning assistant, where "Yun Zhu Shen (云助申)" has achieved a 44% application rate in mortgage-backed retail loan screening processes, with 37% of its recommendations adopted, while "Ling Xiao Tong (零小通)" enables users to ask questions and receive answers at any time, serving over 7,000 internal users. In terms of credit cards, we are developing intelligent customer service systems and intelligent outbound calling bots, whilst expanding into scenarios such as intelligent reporting, intelligent ticket management and intelligent account management. With these intelligent support capabilities now covering all agent operations, we effectively enhanced the operational efficiency of our CS teams. In the corporate banking sector, we have developed an intelligent assistant for credit approval reporting and an anti-money laundering due diligence assistant, resulting in a 40% increase in the efficiency of completing credit investigation reports and achieving improvements in both efficiency and quality.

AI Center Portal



Served over

20,000

internal users

An average of over

200,000

interactions per month



AI Applications

Triple

the accuracy
of business
opportunity
identification

Served over

7,000

internal users

Business Overview

Service and Support

Operation and Process Management

During the reporting period, the Bank focused on building an efficient and integrated operational system across its head office, branches, and sub-branches, characterized by a “strong head office, lean branches, and dynamic sub-branches”. Centered on the goal of enhancing customer experience, the Bank continuously optimized its financial service offerings through digital and intelligent empowerment, upgraded centralized capabilities, and strengthened risk prevention and control, thereby solidifying the operational foundation for the Bank’s high-quality development.

Revitalize digital and intelligent operations to unleash new momentum from technology. By leveraging the AI “Dual-Star” system and Robotic Process Automation (RPA) technology, the Bank effectively enhanced the work efficiency of outlet staff, allowing them to focus on core customer service functions. The intelligent assistant “Yun Xiao Er” was iteratively upgraded, serving over 6,500 users in total with a monthly active user rate of 70%, achieving second-level response times for inquiries. The intelligent employee “Ying Xiao Zhi” was deeply integrated into business scenarios to assist with tasks such as document review, information extraction, and inspection judgments, achieving a model recognition accuracy of 94% and helping to respond quickly to diverse customer needs. The large-scale promotion of RPA applications resulted in 2,090 processes being used across the Bank, with 1,166 new additions during the year. This replaced the workload of approximately 458 people per month, making digital tools a new engine for improving operational efficiency.

Enhance efficiency through intensive operations to build a solid foundation for services. The centralized back-office operation services of the Head Office have obtained dual certification under both domestic and international quality management systems, leading to continuous improvement in operational quality and efficiency. The Head Office’s intensive operations involved an average of 49,500 transactions per day. The domestic and foreign currency payment channels operated smoothly, with an average daily business volume of 16.46 million transactions and a compound annual growth rate of 4.12% over the past three years. By establishing a shared operation mechanism, the collaboration between the Head Office and branches completed over 360,000 shared tasks. This significantly enhanced central service capabilities, played a key role during extreme weather events such as typhoons, and provided a solid guarantee for front-end customer service.

Empower outlet management to strengthen soft power in services. The Bank established an outlet service management system to provide standardized norms for outlet services. It also built a service qualification system for outlet operational staff and innovated a “training combined with practice” model to systematically enhance the service capabilities of front-line personnel. By strengthening root cause analysis of complaints to identify pain points in customer demands, the Bank focused on targeted governance of account unfreezing scenarios, which had a high incidence of complaints. A tiered account unfreezing mechanism was established: “online self-service for low-risk scenarios – verification and release by trusted customer cloud tellers – verification at outlets for complex scenarios”, which led to a 35.4% decrease in complaints related to account controls.

Safeguard with intelligent risk control to weave a dense protective net for customers. The Bank initiated the construction of an intelligent risk control platform, promoting the transition of operations to a full-process risk control model of “pre-event prevention, in-event intervention, and post-event traceability”. The Bank implemented a “second-level early warning system for the counterfeit currency serial number database” to assist front-line staff in accurately identifying counterfeit currency and to improve the rapid interception chain for counterfeit currency risks. The Bank deeply integrated cutting-edge technologies such as artificial intelligence and big data to combat illicit activities and protect legitimate customers. It improved the real-time monitoring system for anti-telecom fraud, iteratively deployed 315 monitoring models and rules, identified and intercepted 33,000 abnormal accounts, and helped customers avoid potential financial losses totaling RMB1.263 billion.

Brand and Service Management

Brand Building

In 2025, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank served the overall situation by effectively implementing the “Five Major Sectors” of finance. It has adhered to the correct political direction, public opinion guidance, and value orientation, and systematically carried out brand promotion work to create a favorable public opinion atmosphere for strengthening market expectations, boosting industry development, and maintaining financial stability.

In terms of media and publicity, the Bank focused on implementing the decisions and deployments of the CPC Central Committee, conducting thematic and mainline publicity centered on serving the real economy and promoting reform and innovation, thereby championing the main theme and spreading positive energy. The Bank identified typical cases of implementing the “Five Major Sectors” of finance and serving people’s livelihoods, organized press conferences and media research interview activities, and showcased its financial service achievements in an all-round way. The Bank actively cultivated and promoted financial culture with Chinese characteristics, showcased the entrepreneurial spirit of its employees, and told the story of CGB in a way that resonates with the public.

In terms of brand management, the Bank highlighted its unique advantages of “backed by China Life and rooted in the Greater Bay Area” identity, showcased the achievements of its integrated financial services in meeting diverse financial needs, and focused on building its image as “a major bank serving the Guangdong-Hong Kong-Macao Greater Bay Area”. The Bank conducted integrated CBA marketing campaigns, partnering with the league to launch parent-child financial services, and upgraded the Junior Basketball Star event. During the 15th National Games, we continued to strengthen our “Sports + Finance” promotion, further enhancing our social influence.

In terms of convergence media development, the Bank focused on its “CGB Weixun Agency” WeChat official account to deeply cultivate its self-media presence. By adhering to a refined “one platform, one strategy” operation, the Bank built a bank-wide collaborative communication matrix. The official Douyin account was awarded the China Financial Media Annual Brand Micro-Video Award and was recognized as an Excellent Brand Case of the Year in the 7th Financial Industry Awards.

Protection of consumer rights and interests

The Bank has always adhered to a people-centered value orientation, focusing on key areas and critical links. It continuously improves the working mechanism for the protection of consumer rights and interests, strives to enhance service quality, and promotes the high-quality development of its consumer rights protection work.

Improve governance mechanisms and solidify the institutional foundation. The Board of Directors provided continuous strategic guidance for consumer rights protection through methods such as reviewing agenda items and conducting grassroots research. The Consumer Rights Protection Committee reviewed important matters such as work summaries and plans, and complaint analysis reports, thereby strengthening cross-departmental coordination. The Bank continuously improved its system of rules for consumer rights protection, with formulating and revising several policies such as the management measures for product suitability, and developed special implementation plans for key annual tasks. All business lines have formulated emergency procedures and plans for major complaints. The Head Office regularly organized training on consumer protection culture and practical operations for its branches to ensure the implementation of all consumer rights protection requirements.

Conduct financial education to enhance financial literacy. The Bank actively innovated financial education models, creating a new “sea, land, and air” mobile financial education front. It has launched distinctive promotional projects such as “Consumer Protection Mobile Carriage”, “Consumer Protection Mobile Cabin”, “Consumer Protection Mobile Cabin in the Cloud”, and “Consumer Protection on Horseback” through various means of transport including airplanes, ships, subways, and buses. Leveraging technology, the Bank launched “Digital Human on Consumer Protection” to conduct risk broadcasts and popularize financial knowledge. The Bank integrated financial education into traditional cultural performances and intangible cultural heritage experiences such as folk music, crosstalk, lion dance, shadow puppetry, tie-dyeing, and sugar painting, as well as large-scale events like exhibitions, expos, and sports competitions, to enhance the coverage and influence of its promotional activities.

Strengthen source management and deepen root cause rectification. The Bank strengthened suitability management, fulfilling the requirements for appropriate products, channels, and customers. The Bank fully implemented product information disclosure requirements and continuously standardized marketing practices. The Bank improved its consumer rights protection review mechanism, upgraded its intelligent review platform, and strengthened rigid system controls. The Bank strengthened personal information protection, improved the personal information impact assessment process, and effectively safeguarded customer information security. Focusing on enhancing customer service, the Bank strengthened the first-contact resolution

responsibility, striving to resolve customers’ reasonable demands during the initial interaction. The Bank continuously advanced the construction of a consumer protection culture, spreading new trends and promoting the culture of consumer protection.

Implement consumer protection audit mechanisms and strengthen closed-loop rectification management.

The Bank established and implemented a normalized and standardized mechanism for consumer protection audits, incorporating related work into the scope of annual special audits, with audit results reported to the Strategic/Consumer Rights Protection Committee of the Board of Directors. In 2025, the Bank conducted special audits on consumer protection as planned, focusing on the formulation and execution of consumer protection strategies, the comprehensiveness and effectiveness of the institutional framework, suitability management, and complaint handling. The Bank continued to monitor and guide the rectification of audit findings to further enhance the quality and efficiency of its consumer protection practices.

Optimize complaint handling and strengthen diversified resolution.

A linkage mechanism between complaints and reputation risk was established to incorporate complaint leads into a closed-loop disposal process. The Bank actively utilized mediation mechanisms to promote the diversified resolution of disputes in accordance with laws and regulations. During the reporting period, the Bank received a total of 10,456 complaints referred by regulatory authorities. In terms of consumer complaints by business type, the majority were related to credit cards (87.3%), followed by personal loans (5.7%), investment and wealth management (3.9%), and other areas (3.1%). Regarding the regional distribution, complaints were mainly from Guangdong (17.0%), Jiangsu (7.7%), Jiangxi (6.7%), Liaoning (5.9%), Shandong (4.5%), and other regions.

Institution Management

As of the end of 2025, the Bank has established 49 branches across 27 provinces (autonomous regions and municipalities) including Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hubei, Hunan, Guangdong, Guangxi, Hainan, Chongqing, Sichuan, Yunnan, Guizhou, Shaanxi, Xinjiang, covering 116 cities at or above the prefecture level, and in the Hong Kong and Macao Special Administrative Regions. The Bank has also established two specialized institutions, namely a Credit Card Center and a Fund Operation Center, along with a wholly owned subsidiary, CGB Wealth Management, with a total of 957 business offices.

Headquartered in Guangzhou, a central city in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), the Bank is the only national joint-stock commercial bank that has achieved full coverage in the “9 + 2” cities in the GBA and all 21 prefecture-level cities in Guangdong Province. In 2025, with the tenet of serving the real economy, the Bank actively served major national regional strategies and the strategy of coordinated regional development. The Bank specified and implemented the regulatory guidance of “reducing quantity and improving quality” by focusing on enhancing institutional efficiency, optimizing and adjusting the institutional layout, and strengthening cost control, to continuously promote the compliant, stable and high-quality development of various operating activities across all branches.

Business Overview

Human Resources Management

Organization management

During the reporting period, the Bank thoroughly implemented the requirements of the CPC Central Committee on strengthening Party building in the financial system and the spirit of the Party building work conference for the financial system. It improved the Party building work mechanism, enhanced the quality and effectiveness of Party building work, adjusted and optimized the organizational structure of the functional departments of the Party committees of the Head Office and its directly affiliated institutions, and strengthened the Party building workforce to ensure that high-quality Party building promotes high-quality development.

Personnel management

Following the market-oriented selection and employment mechanism, the Bank selected and employed competent personnel under the principle of “equality, openness, competition, merit-based” according to the “person-post matching” criteria. The Bank cultivated high-quality talent teams and promoted the construction of digital talent teams by such means as internal training and selection, open recruitment, personnel exchanges and secondments, and market-oriented talent introduction. During the reporting period, the Bank continued to establish and improve the personnel recruitment, talent selection, and personnel exchanges and secondments system under the new position framework. The Bank ensured that their personnel are politically solid, professionally competent, and strongly disciplined in their conduct, aiming to build a multi-disciplinary, cross-functional, and cross-institutional team of composite financial management cadres. On this basis, the Bank formed a sound competitive mechanism that stresses on both integrity and ability, appoints personnel in a fair manner, emphasizes responsibilities, focuses on actual capabilities, and encourages steady progress. Additionally, the Bank continued to improve the normalized work mechanism for cultivating and selecting outstanding young cadres, and established cross-level, cross-department, cross-border and cross-field training and development platforms, intensified hands-on experience and professional training, and strengthened the building of young-cadre teams.

The Bank spared no effort to ensure the employment of college graduates and other key groups. In addition to spring and autumn campus recruitment, the Bank conducted summer internship recruitment and other programs, providing platforms for employment and practical experience for college graduates. Through activities such as job fairs, campus presentations, special lectures, and open days, the Bank communicated the latest employment information and talent nurturing philosophy to students. Based on the recognition of our human resources management practices in the employment market, the Bank has been awarded the Best Employer in China for 15 consecutive years.

Performance management

The Bank established a scientific, reasonable performance assessment and incentive and restrictive mechanism, and conveyed the strategic focus of the Bank to all employees through performance assessment. The Bank continued to solidify its performance management foundation, standardizing

the entire chain of employee performance management across the Bank. It emphasized positive incentives and negative constraints, strengthened the orientation towards top performers and front-line staff, and dynamically adjusted the forced distribution ratios of performance appraisal grades for employees in high-performing departments/institutions and institutions with good operating results to encourage employees to strive for excellence. At the same time, the Bank strengthened the application of performance appraisal results, optimized the performance improvement mechanism for low-performing employees, proposed clear performance improvement plans and goals, and formed a performance improvement re-evaluation mechanism. It clearly established a performance orientation of “rewarding the excellent and penalizing the underperforming” to optimize the employee team structure and stimulate internal motivation.

Remuneration and benefits management

The Bank strictly adhered to the Ministry of Finance’s determination mechanism for wage management. The Bank prepared the total wage budget and settlement proposals in accordance with the established standard procedures and submitted them to the Ministry of Finance for approval. The Bank continuously deepened and improved the building of the total wage allocation and management system, and actively implemented national macro policies, enhancing its market competitiveness and promoting its high-quality development. During the reporting period, the Proposal on Matters Related to the 2024 Total Wage Settlement of China Guangfa Bank Co., Ltd. was approved by the Ministry of Finance (Financial and Economic Proposal Office, Approval No. 24 for 2025). Additionally, the Proposal on Matters Related to the 2025 Total Wage Budget of China Guangfa Bank Co., Ltd. was approved by the Ministry of Finance (Financial and Economic Proposal Office, Approval No. 27 for 2025).

The Bank established an incentive and restraint mechanism that aligned total wages with value contribution, business performance and performance assessment. The Bank adhered to an efficiency-oriented approach, highlighting value contribution, supporting strategic priorities, and tilting resources towards the grassroots frontline. During the reporting period, the Bank issued the Human Resource Expense Allocation and Control Mechanism for CGB’s Direct Branches. The document further gave play to the guiding role of resource allocation, improved the incentive and restraint mechanism that aligned total wages with economic benefits and performance assessment, and promoted the high-quality development of business units.

As for remuneration management, the Bank aims to establish a market-oriented employee remuneration system. To this end, the Bank adhered to the management philosophy of putting efficiency first and maintaining fairness, insisted on the distribution principle of pay determined by position, compensation based on performance, and salary adjusted upon role changes, and established a comprehensive remuneration system, strengthening incentives for core talents, key personnel and high-performance employees. Besides, the Bank continuously improved remuneration structure, emphasized value creation and performance contribution, and intensified the connection between remuneration allocation and assessment results, with a focus on tilting towards frontline grassroots employees, key positions, urgently needed

high-level talents, and outstanding performers. The Bank continuously improved the deferred payment and recourse and deduction of performance-based remuneration and guided cadres and employees to establish and practice a correct view on political achievements. The measures of deferred payment and recourse and deduction of performance-based remuneration were implemented regularly, with reductions, suspensions, or clawbacks applied to relevant personnel based on the severity of violations, including illegal activities, regulatory breaches, or abnormal risk exposures within their responsibilities. In 2025, a total of 10,262 senior executives and employees with direct or significant impact on the Bank's risks received a total remuneration of RMB4.003 billion.

In accordance with relevant policies, regulations, and the Bank's actual development needs, the Bank established a sound enterprise annuity management mechanism. This aimed to provide employees with a solid and reliable financial back-up for their post-retirement life, which, in return, can effectively enhance their recognition of and sense of belonging to the Bank. Additionally, the Bank has set up a supplementary medical insurance scheme through the purchase of commercial insurance to provide a comprehensive medical security system for both active and retired employees, effectively alleviating their financial burden related to medical expenses.

Training management

The Bank followed the rule of talent development in its education and training work, intensified education and training empowerment, and focused on the guidance of Party building and the implementation of strategies. Also, under the leadership of the Party school of CGB, the Bank continued to strengthen the Party spirit education and theoretical education for cadres and employees, promoting the improvement of the business capability of cadres and employees based on the 5 major branches of professional development academies. In 2025, the Bank conducted training sessions on collaborative learning of the spirit of the Central Eight-Point Regulation on improving Party and government conduct and the first volume of selected works of Xi Jinping on economy, and organized training sessions in turn for cadres in charge of Party affairs in centrally managed financial institutions. These initiatives continued to improve the Party spirit cultivation and theoretical level of leading cadres of the Bank. The Bank continued to strengthen the construction of the cadre pipeline, carried out the "Eagle" series training in a stratified and graded manner with the goal of enhancing performance capabilities, and earnestly implemented training programs for presidents of second-tier branches, sub-branch presidents, young core talents, and newly recruited employees through campus recruitment. In this way, the Bank continuously improved the capabilities of its employees and strengthened the overall quality of the team. Additionally, the Bank constantly promoted digital talent cultivation by holding the "Digital Intelligence Cup" AI and Digital Finance Skills Competition to promote business development by way of "promote learning and practical use through competition". The Bank continuously improved the training and cultivation system and mechanism and promoted the cultivation of talents in the talent pool, thereby consistently empowering key positions and key talents. The Bank also strived to optimize and innovate training methods and build a team of part-time lecturers, aiming to improve the quality and efficiency of training and development and provide highly-competent talent support for the high-quality development of CGB.

Major Holding Subsidiaries

As the first wholly-owned subsidiary of the Bank, CGB Wealth Management Co., Ltd. is a concrete practice of the Bank's strict implementation of new rules and regulations for asset management and financial management. CGB Wealth Management has strictly followed the Articles of Association since its establishment and implemented the aim of "managing money on behalf of clients as entrusted by them" to continuously improve the quality and efficiency of services provided for the real economy. CGB Wealth Management has adopted an independent market-oriented corporate operation mechanism to achieve effective integration of the Party's leadership and modern corporate governance mechanisms.

CGB Wealth Management constantly enriched the net value product system. CGB Wealth Management has launched 14 product series, with 526 net value wealth management products in existence by the end of 2025. The products are mainly medium to low-risk ones (PR2 and below), supplemented by medium-risk products (PR3) and medium to high-risk products (PR4), involving various maturity types. Product lines, such as cash management, pure fixed income, fixed income enhancement, partial-debt hybrid, equity-debt balance, and equity have covered various basic products, fully meeting various wealth management needs of customers.

CGB Wealth Management continuously optimized and improved investment strategies. By strengthening macroscopic and interest rate research, and establishing a fixed-income market model analysis system, CGB Wealth Management made dynamic research and judgments on macro cycles, interest rate trends, and diversified asset configurations, further enriching and refining its dual-engine product structure, driven by both fixed-income and multi-asset offerings, with equity-linked products as the strategic highlight. CGB Wealth Management implemented the strategy of "fixed-income foundation + multi-beta tools" in the investment operations of existing products.

With the steady implementation of the net value transformation, CGB Wealth Management consistently improved its product development capability, and the product brands were recognized by the public and authorities. In 2025, CGB Wealth Management received numerous prestigious awards successively, including Jin Chan Awards for "Wealth Management Income Pioneer Award" and "Outstanding Product Award" from Lianhe Zhiping, Jiefu Award for "Excellent Fixed-Income Wealth Management Product" from www.caishiv.com, and Jinyu Award for "Excellent Hybrid Wealth Management Product" from Pystandard, "Wealth Management Service Innovation Award" from Wind, "Brand Image Award of the Year for Bank Wealth Management Subsidiaries" and "Wealth Management and Investment Management Team of the Year in State-owned Bank" from Eastmoney, as well as Shang Zheng Ying•Golden Wealth Management "Annual Hybrid Product" from Shanghai Securities News.

Risk Management

Risk Management Overview

During the reporting period, the Bank continued to maintain a prudent and moderate overall risk management strategy and risk appetite. The Bank cultivated a strong risk culture, completed process mechanism and innovated management tools to continuously improve the empowering comprehensive risk management system with “strong head office”. The Bank promoted a sound risk management culture throughout the Bank, gradually created the risk management philosophy of “comprehensive management, prudent compliance, risk frontloading, information symmetry and support for innovation”, and integrated the unified risk management culture and philosophy into the Bank’s operation and management processes. The Bank continued to deepen the institution-wide management, gradually improved the risk management in a standardized, scientific and refined way, and enhanced its “comprehensive, proactive, penetrating, and intelligent” risk control capabilities, highlighting the value creation of risk management and promoting high-quality development. Moreover, the Bank maintained strategic focus, within risk-controlled framework, continuously supported the real economy and mitigated and resolved risks in key areas by closely following national policy guidance and regulatory requirements, solidifying the foundation of risk management. The Bank also iterated and optimized intelligent risk control tools, enhanced the development of digital risk control, and improved the foresight, timeliness and effectiveness of risk early warning, thereby enhancing the risk management capability of early identification, early warning, early exposure and early disposal.

The Bank has established a fully structured risk management framework system with responsibilities clearly defined, forming a multi-level, interconnected and effectively controlled and balanced operating mechanism. The risk management organizational structure of the Bank is composed of the Board of Directors and its special committees, senior management and its specialized committees, risk management functional departments (including comprehensive risk and various risk leading management departments), business departments and specialized institutions, internal Audit Department, as well as other departments, branches, and subsidiaries.

The Board of Directors assumes ultimate responsibility for the Bank’s comprehensive risk management and is responsible for cultivating a risk culture, determining the overall risk appetite and risk tolerance and approving the Bank’s targets, strategies, policies and procedures for major risk management. The Risk Management Committee, subordinate to the Board of Directors, is responsible for reviewing strategies, policies, and major affairs of risk management, and carrying out control, management, evaluation, and supervision over the risks of the Bank. The Bank shall no longer establish the Board of Supervisors; instead, the Audit Committee of the Board of Directors shall exercise the powers of the Board of Supervisors as stipulated by the Company Law of the People’s Republic of China and the regulatory systems.

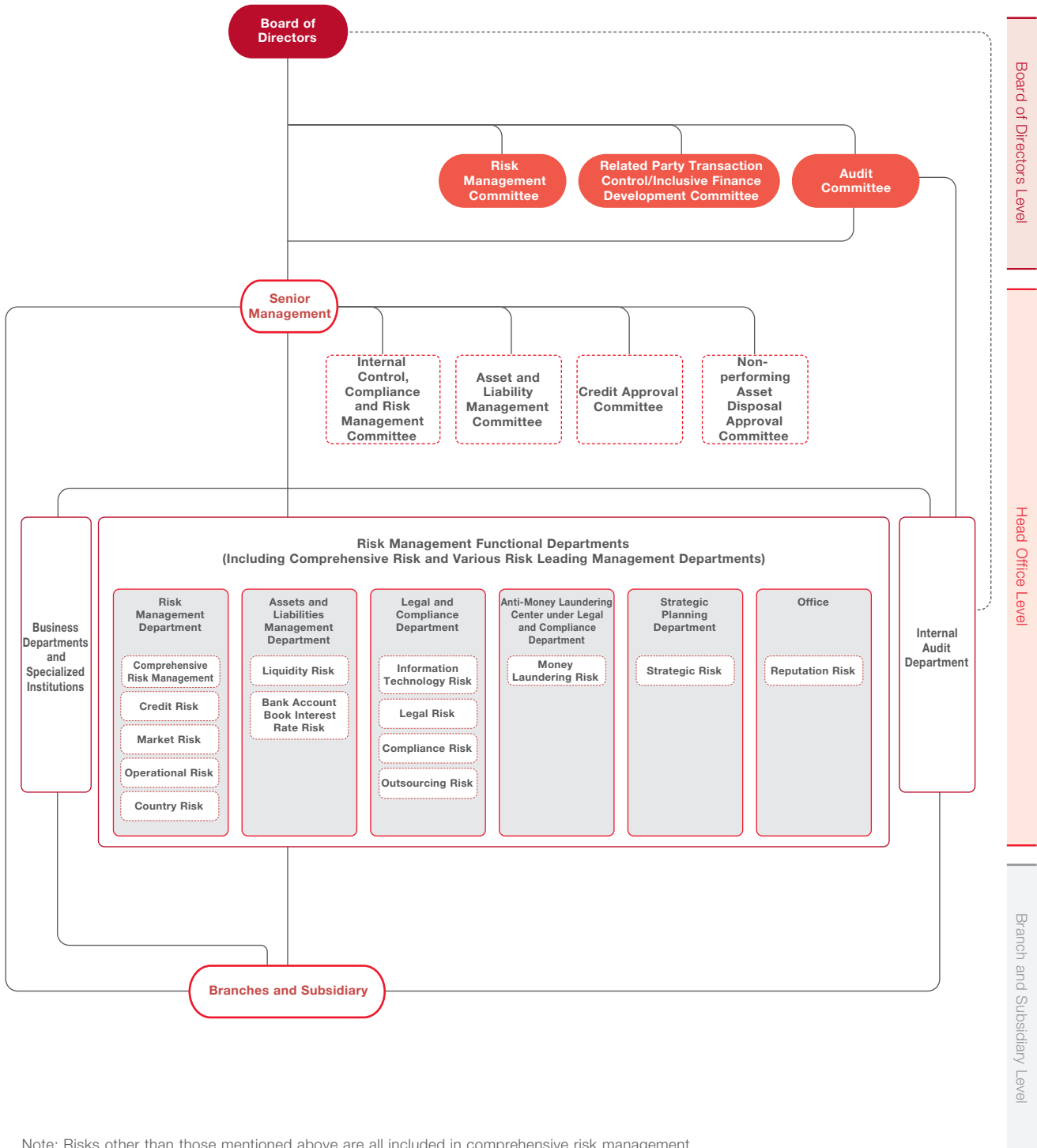
The senior management undertakes the responsibilities of implementing the comprehensive risk management and executes resolutions made by the Board of Directors. The Internal Control, Compliance and Risk Management Committee, the Asset and Liability Management Committee, the Credit Approval Committee, and the Non-performing Asset Disposal Approval Committee under the senior management are responsible for analyzing risk strategies, guidelines and policies.

The Risk Management Department of the Head Office is the leading department in comprehensive risk management, taking the lead in performing the daily management of comprehensive risks and in managing credit risk, market risk, operational risk and country risk. The Asset and Liability Management Department of the Head Office is the leading department in managing the liquidity risk and bank account book interest rate risk. The Legal and Compliance Department of the Head Office is the leading department in managing the information technology risk, legal risk, compliance risk and outsourcing risk, while the Anti-Money Laundering Center, which is established under this department, acts as the leading department in managing money laundering risk. The Strategic Planning Department of the Head Office is the leading department in managing strategic risk. The General Office of the Head Office is the leading department in managing reputation risk. Other specialized departments are responsible for other respective risks. The business lines of the Bank are directly responsible for risk management. The Risk Management Department is responsible for the development of risk management policies and procedures, and the monitoring and management of risks. The Internal Audit Department is responsible for auditing the performance of duties of business lines and the Risk Management Department.

Risk management decisions made by the Board of Directors, the Risk Management Committee of the Board of Directors and senior management are executed by branches under instructions from relevant departments.

In accordance with the Bank’s comprehensive risk management framework, CGB Wealth Management has established a comprehensive risk management organizational structure and management mechanism to ensure that risk management requirements are fully extended within the Group.

Risk Management Organizational Structure



Risk Management

Risks Encountered by the Bank and Countermeasures

Credit Risk

Credit Risk Management Overview

Credit risk refers to the risk of losses in banking business due to the borrower's or the trading counterpart's failure to perform the contractual obligations or due to changes in credit quality.

In the face of a complex macroeconomic environment and dynamic changes in the industry, the Bank adhered to the core principle of prudence and stability, and was committed to building a full-process, refined, and intelligent credit risk management system through institutional development, process optimization, and technological empowerment, so as to continuously strengthen the asset quality. In terms of risk prevention and control in key areas, the Bank closely monitored the changes of risks in areas such as the real estate sector and local government financing platforms, and established a mechanism of regular risk early warning, resolving potential risks in a prudent and orderly manner. In terms of full-process credit risk management, the Bank strengthened research on macro policies and industry trends and enhanced customer access standards, thereby controlling risks at the source; the Bank continuously improved and refined rating models to enhance model coverage, precision, and differentiation as well; it also strictly implemented graded approval system to control the quality of loan disbursement; additionally, the Bank strengthened full-process post-loan risk monitoring and enhanced the empowerment of technologies such as artificial intelligence and big data models to improve the accuracy of risk identification and early warning as well as the quality and efficiency of post-loan management. In terms of non-performing asset disposal, the Bank broadened the methods of collection and disposal and intensified efforts in disposal of non-performing assets to continuously optimize its asset quality.

Five-grade Classification of Loans and Changes in Non-performing Loans

Five-grade Classification of Loans and Balance of Loss Provisions for Each Grade of Loans

Unit: RMB million

Item	31 December 2025	Percentage (%)	Loss provisions
			for loans as at 31 December 2025
Pass	2,069,865	96.10	21,273
Special mention	53,018	2.46	9,984
Substandard	7,745	0.36	3,616
Doubtful	9,704	0.45	6,659
Loss	13,579	0.63	10,252
Total	2,153,911	100.00	51,784

Note: Discounts are included in the data of the five-grade classification of loans, but accrued interest is excluded.

Changes in Non-performing Loans

Unit: RMB million

Item	31 December 2025		Increase/decrease during the period		31 December 2024	
	Balance	Percentage	Amount	Percentage	Balance	Percentage
		(%)		(%)		(%)
Substandard	7,745	0.36	1,436	0.06	6,309	0.30
Doubtful	9,704	0.45	(2,989)	(0.15)	12,693	0.60
Loss	13,579	0.63	109	–	13,470	0.63
Total	31,028	1.44	(1,444)	(0.09)	32,472	1.53

Major Policies, Measures and Effects of Non-performing Asset Management

During the reporting period, the Bank employed a variety of strategies to strengthen its efforts in collecting and disposing of non-performing assets. The Bank promoted risk mitigation in a prudent and orderly manner in key areas such as the real estate sector, actively expanded disposal channels, strengthened asset marketing and promotion, and deeply explored potential value, making every effort to improve the quality and efficiency of disposal. In 2025, the Bank disposed of non-performing loans amounting to RMB36.918 billion through write-offs, securitization of non-performing assets, collection, and transfer.

Loans and Non-performing Loans Classified by Business Type

As at the end of 2025, the Bank's NPL ratio had decreased by 0.09 percentage point compared to the end of 2024. In terms of loan structure, the NPL ratio for corporate loans (including discounted bills) dropped by 0.20 percentage point, while the NPL ratio for personal loans increased by 0.10 percentage point compared to the end of 2024.

Unit: RMB million

Item	31 December 2025			31 December 2024		
	Balance of loans	Percentage (%)	NPL ratio (%)	Balance of loans	Percentage (%)	NPL ratio (%)
Corporate loans (including discounted bills)	1,348,209	62.59	1.33	1,268,236	59.71	1.53
Personal loans	805,702	37.41	1.63	855,911	40.29	1.53
Including: Credit card overdraft	350,732	16.28	2.16	392,846	18.49	2.19
Total	2,153,911	100.00	1.44	2,124,147	100.00	1.53

Note: Accrued interest is excluded in the data of loans.

Risk Management

Corporate Loans and Non-performing Loans Classified by Industry

Unit: RMB million

Industry	31 December 2025			31 December 2024		
	Balance of loans	Percentage (%)	NPL ratio (%)	Balance of loans	Percentage (%)	NPL ratio (%)
Manufacturing	286,865.84	22.18	1.06	268,391.68	23.16	1.04
Leasing and commercial services	206,784.98	15.99	1.79	154,908.70	13.37	0.89
Wholesale and retail	148,657.05	11.50	2.60	171,961.98	14.84	2.86
Water resources, environment and public facilities management	118,048.18	9.13	0.02	112,373.61	9.70	0.04
Real estate	95,664.35	7.40	3.37	99,404.61	8.58	5.66
Construction	91,984.61	7.11	2.04	70,412.76	6.07	3.39
Transportation, warehousing and postal services	79,304.59	6.13	0.31	70,058.20	6.04	0.38
Production and supply of electricity, heat, gas and water	62,838.88	4.86	0.05	50,171.67	4.33	0.04
Finance	56,983.85	4.41	–	34,842.62	3.01	0.33
Mining	35,240.16	2.72	0.09	31,242.39	2.69	0.12
Others	110,806.05	8.57	1.68	95,195.05	8.21	1.87
Total	1,293,178.55	100.00	1.38	1,158,963.27	100.00	1.67

Note: Calculation is made according to regulatory standards, but outright rediscounted bills and other outright bills assets are excluded.

Provision and Write-off of Loan Impairment Allowances

Unit: RMB million

Item	Loan impairment allowances
Opening balance	53,518
Provision/reversal for the year	23,690
Write-offs and transfer in the year	(29,772)
Recovery after write-off	4,265
Exchange rates and other fluctuations	(39)
Closing balance	51,662

Note: Includes only the loan impairment allowances measured at amortized costs.

Assets as Debt Repayment

Unit: RMB million

Item	31 December 2025	31 December 2024
Assets as debt repayment	129	211
Including: Housing property	3	85
Land use rights	126	126
Less: Impairment allowance	(45)	(93)
Net assets as debt repayment	84	118

Market Risk

Market risk refers to the risk of losses incurred from on-sheet and off-sheet business of a bank caused by adverse changes of market prices (including interest rates, exchange rates, stock prices and commodity prices). The Bank's market risks primarily arise from fluctuations in interest rate and exchange rate.

The Bank established and improved the market risk management system according to regulatory requirements such as the Administrative Measures for Capital Management of Commercial Banks and the Administrative Measures for Market Risk Management of Commercial Banks. The Board of Directors of the Bank assumes the ultimate responsibility for market risk management; the senior management is responsible for formulating, regularly evaluating and supervising the implementation of policies and procedures for market risk management; the Risk Management Department of the Head Office leads the identification, measurement and monitoring of market risks of the Bank, and reports the market risk management work to the Board of Directors, the Risk Management Committee of the Board of Directors and senior management on a regular basis; and the Asset and Liability Management Department of the Head Office is responsible for managing interest rate and exchange rate risks in the Bank's account books.

In terms of trading accounts and bank account books, the Bank managed their market risks with different methods. Market risk management over trading accounts mainly involves daily revaluation of positions in trading accounts through the application of market risk-related limits such as VaR limit, exchange rate sensitivity limit, interest rate sensitivity limit and stop-loss limit, and regular measurement of market risks using such methods as sensitivity analysis, VaR analysis, and stress

testing. In terms of market risk management over bank account books, the Bank mainly identified, measured and monitored the market risks of relevant business lines through measures such as sensitivity analysis, scene analysis and stress testing. The Bank's market risk and capital mid-office systems, and the liquidity management application systems have successfully measured and monitored various market risks regarding trading account and bank account books.

During the reporting period, the Bank continued to advance the construction of market risk management system in accordance with the Administrative Measures for Capital Management of Commercial Banks and the Administrative Measures for Market Risk Management of Commercial Banks. In terms of regulations, the Bank revised the Administrative Measures for Market Risk Management of China Guangfa Bank. In terms of system, the Bank completed the systematic measurement and regular reporting of market risk capital. In terms of monitoring, the Bank reasonably set market risk limit indicators within the framework of market risk appetite, and conducted daily monitoring, and established a market risk factor monitoring system to promptly monitor and issue warnings for fluctuations in key market data.

As of the end of 2025, the Bank's market risk indicators remained within the risk appetite limits set by the Board of Directors. The market risk capital provision of the Bank covered the interest rate risk, exchange rate risk, stock price risk and commodity price risk in transaction accounts, as well as the foreign exchange risk and commodity price risk in bank account books. At the end of 2025, the Bank's market risk capital amounted to RMB3.622 billion, showing an increase compared to the end of the previous year, primarily due to higher exposures to interest rate risk and commodity risk.

Risk Management

Bank Account Book Interest Rate Risk

The bank account book interest rate risk refers to the risk of losses of economic value of bank account books and overall earning caused by adverse changes in the interest rate level and term structure, mainly including gap risk, basis risk, and option-related risk.

The Bank has established the bank account book interest rate risk management system, covering measurement method and analysis frame such as the Board of Directors' risk appetite, risk limits, gap analysis, duration analysis, scene simulation and stress testing, in accordance with the Bank Account Book Interest Rate Risk Management Guidelines of Commercial Banks (Revision) issued by the National Financial Regulatory Administration (NFRA). The Bank evaluates the impacts of interest rate changes on operations from two dimensions: namely, net interest income and economic value. The Board of Directors of the Bank assumes the ultimate responsibility for the effective management of bank account book interest rate risks. The senior management assumes responsibility for the implementation of management of bank account book interest rate risks, authorizing and urging functional departments to effectively manage bank account book interest rate risks. The Asset and Liability Management Department of the Head Office is responsible for the identification, measurement, monitoring, and control of the bank account book interest rate risks of the Bank. The Bank measures its bank account book interest rate risks in accordance with the standardized measurement framework. Considering the gap of asset and liability terms and expectations on market interest rate, the Bank guides the adjustment of asset-liability structure via Funds Transferring Pricing (FTP) and active liability, and studies the risk hedging strategy on interest rate derivatives in line with market situations.

During the reporting period, the Bank kept a close eye on the changes in the external interest rate environment and internal interest rate risk exposures and continuously intensified the research and judgment of interest rate. Meanwhile, the Bank strengthened active management of assets and liabilities, optimized the structure of assets and liabilities, strengthened the coordinated adjustment of deposit and loan interest rates, and controlled the basis risk to enhance risk measurement capabilities. During the reporting period, the bank account book interest rate risks of the Bank were well controlled, and all indicators were controlled within the limit.

Liquidity Risk

Liquidity risk refers to the risk of a commercial bank failing to obtain sufficient funds timely at reasonable costs to repay debts due, perform other payment obligations and meet other funds demand to conduct normal business.

The Bank has established an effective liquidity risk management governance structure following the principle of separate functions of policy formulation, implementation and supervision, in accordance with the Measures for the Management of Liquidity Risk of Commercial Banks, and specified the responsibility and reporting line of the Board of Directors and its special committees, senior management and relevant departments in liquidity risk management. The Board of Directors of the Bank assumes the ultimate responsibility for liquidity risk management and reviews and approves liquidity risk appetites, liquidity risk management strategies, major policies and procedures. The senior management leads, organizes, and promotes the liquidity risk management of the Bank. As the leading department regarding liquidity risk management, the Asset and Liability Management Department of the Head Office formulates liquidity risk management strategies, policies and procedures and is responsible for the specific management of liquidity risk. The Audit Department, which is the internal audit department of liquidity risk of the Bank, is responsible for auditing, supervising, and evaluating the management of liquidity risk.

During the reporting period, the Bank closely monitored monetary policy orientation and market developments, identifying, assessing, monitoring, reporting, controlling, or mitigating liquidity risks at both the legal entity and group levels. The Bank strengthened internal fund segregation management within the Group, continuously monitored the status of high-quality liquid assets, and maintained appropriate and reasonable reserves. By utilizing various tools, the Bank actively adjusted the total volume, structure, and cash flow gap limits of assets and liabilities to improve the stability of liabilities. The Bank assigned internal liquidity risk limits and supervised the implementation, and conducted regular liquidity risk stress tests as well. Under the mild, medium, and severe scenarios, the Bank's liquidity risks were within the manageable range, with the minimum survival periods all exceeding the 30-day limit specified by the regulator. The Bank also enhanced emergency management of liquidity risks and organized the testing and evaluation of liquidity risk contingency plans to ensure the response to liquidity requirements in case of emergencies.

As of the end of 2025, the Bank realized sound liquidity risk control, and all of its liquidity risk regulatory indicators met the regulatory requirements.

As at the end of 2025, the Group's relevant indicators including Liquidity Coverage Ratio (LCR) were as follows:

Unit: RMB'00,000,000

Item	31 December 2025	31 December 2024
LCR (%)	119.91	139.46
High-quality liquid assets	4,560.84	4,611.71
Net cash outflow in the next 30 days	3,803.50	3,306.84
Liquidity ratio (%)	77.48	72.88
Liquid assets	7,831.60	7,468.69
Liquid liabilities	10,108.45	10,247.35

In accordance with the requirements for the Measures for the Information Disclosure on the Net Stable Funding Ratio of Commercial Banks, the information of the net stable funding ratio of the Group in 2025 is disclosed as follows:

Unit: RMB'00,000,000

Item	31 December 2025	31 December 2024
Net stable funding ratio (%)	103.05	105.46
Stable funds available	21,041.17	19,868.53
Stable funding needed	20,417.77	18,840.34

Management of Liability Quality

The Bank attaches great importance to liability quality management, strictly abiding by the Measures for the Management of Liability Quality of Commercial Banks. The Bank has established and improved its own liability quality management system, enhancing the organizational structure for liability quality management. The Board of Directors and senior management effectively manage and monitor liability quality, with the Board of Directors bearing the ultimate responsibility for liability quality management of the Bank and senior management bearing implementation responsibility thereof. Liability quality is also incorporated into the scope of internal audit. By establishing a scientific and comprehensive liability quality management system, the Bank effectively measures, monitors, and controls the quality of its liabilities. While meeting regulatory requirements, the Bank ensures and enhances the stability, diversity, appropriateness, rationality, proactivity, and authenticity of its liability quality.

The Bank strengthens market analysis and effectively balances the management goals of total volume, cost, and structure, focusing on the following key initiatives to optimize liability quality: first, solidifying its customer base and emphasizing product development to expand its sources of high-quality

deposits; second, strengthening the cost control of liabilities and optimizing liability structure to continuously reduce deposit interest rates; and third, adhering to a prudent and moderate management strategy and strengthening market analysis to make forward-looking arrangements for liability structure and maturity profiles. Through measures such as enhancing the management of the stability of liability sources, improving the diversity of liability structure, appropriately matching assets and liabilities, increasing proactive approaches to liability acquisition, rigorously controlling liability costs, and strengthening the authenticity management of liability projects, the Bank is driving improvements in liability quality. These efforts lay a solid foundation for enhancing its ability to serve the real economy.

During the reporting period, the Bank maintained a strong liability position, with its liability quality management indicators operating steadily, and all regulatory metrics consistently meeting compliance requirements. As of the end of 2025, its net stable funding ratio was 103.05%; the liquidity coverage ratio was 119.91%, and the interest-bearing liability cost ratio was 1.87%, representing a decrease of 38 basis points compared to the previous year.

Risk Management

Operational Risk

Operational risk refers to the risk of loss, including law risk, but excluding strategic risk and reputation risk, caused by problematic internal procedures, employees, IT systems and external events. Adhering to principles of prudence, comprehensiveness, relevance, effectiveness, and proactiveness, and under the leadership of the Board of Directors and senior management, the Bank set up and refined three lines of defense to control operational risks, building a robust control mechanism covering the entire lifecycle from risk identification and response to remediation. The Bank continuously optimized core tools such as risk and control self-assessment, key risk indicators, and the loss event database to achieve full-process management of risk identification, monitoring, and mitigation. It also set operational risk-related limits for the business lines of the Head Office, direct branches, and subsidiaries to further reinforce accountability in operational risk management among various units. Targeting at the weak links in operational risk management, the Bank strengthened rigorous control over business system to improve the effectiveness of operational risk prevention and control. The Bank also reinforced the analysis of key areas of operational risks and typical events, carried out diversified risk alert and warning education, with an aim of continuously improving the risk management awareness and proactive prevention and control capabilities of all employees. As of the end of 2025, the Bank's operational risk management system kept running smoothly, with overall operational risks under control.

Country Risk

Country risk refers to risks that economic, political or social changes and events occur in a foreign country or region, which renders borrowers or debtors in that country or region unable or unwilling to repay bank debts or causes the bank to suffer commercial losses or other losses in that country or region.

The Bank strictly adhered to the relevant regulatory requirements and followed the principles of robustness and prudence. The Bank has established a country risk management system in line with strategic objectives, risk status and complexity, and incorporated country risk management into the overall risk management system. The Bank continued to strengthen country risk management. Based on the country risk assessment results, the Bank divided relevant countries or regions into 7 internal ratings, corresponding to 5 risk levels: lower, low, medium, high and higher, and carried out classified management on each risk level. Moreover, the Bank identified, measured, monitored and controlled country risks in a timely manner, regularly assessed country risk levels and conducted limit management. The Bank guided businesses to be inclined to low-risk countries, and submitted major issues involving country risk management policies, and adjustment of limit plans etc., to the Board of Directors and senior management for deliberation and decision. As of the end of 2025, the countries associated with the Bank's ultimate country risk exposures had relatively low risk ratings, and the overall country risk remained broadly under control.



Reputation Risk

Reputation risk refers to the risk of negative evaluation on the Bank by stakeholders, the public and the media due to the actions of the Bank offices at all levels, actions of employees or external events etc., thus damaging the Bank's brand value, detrimental to the Bank's normal operations, and even affecting the market stability and social stability.

The Bank took multiple measures to strengthen reputation risk prevention and control and actively safeguard the sound reputation image of the banking industry by strictly following the Measures for the Administration of Reputation Risks of Banking and Insurance Institutions (Trial). No severe incident impairing the reputation occurred throughout the year, and reputation risk was stable and controllable on the whole. Adhering to the principle of prevention, the Bank regularly performed risk monitoring, hazard identification, and resolution disposal, while strengthening full-cycle closed-loop management. Focusing on key scenarios such as major strategic adjustments and significant business innovations, the Bank conducted pre-assessments and contingency planning to enhance risk prediction. The Bank also emphasized capacity improvement, strengthened the construction of professional teams, improved public opinion emergency response plans, and conducted practical drills and specialized training, so as to continuously enhance efficiency of reputation risk management. During the reporting period, the Bank acted as the vice-chair unit of the Reputation Risk Management Committee of the China Banking Association, helping to build a favorable financial public opinion ecosystem.

Strategic Risk

Strategic risk refers to the risk that the strategy does not match the market conditions and the Bank's capabilities due to the ineffectiveness of the Bank's strategy making and execution processes or due to changes in external operating conditions. Strategic risk management refers to the effective identification, assessment, control and reporting of strategic risks by establishing and formulating relevant regulations and mechanisms, identifying and resolving the problems in strategic management such as positioning goals, development policies, and business models, thereby avoiding or minimizing material adverse impacts on the Bank.

Based on a moderate and prudent strategic risk appetite, the Bank thoroughly implemented the decisions and deployments of the CPC Central Committee, fully and accurately implemented the new development philosophy, and earnestly carried out the Group's strategic plans, with focusing on serving the key areas and weak links of the real economy and formulating strategic plans that align with market conditions, risk appetite, capital position, and the Bank's capabilities. The Bank continued to monitor significant changes in the macroeconomic and financial situation and the policy environment, and dynamically optimized and adjusted its strategic plans according to these changes, striving to avoid any negative impact on the Bank's sound operations due to inappropriate strategic decisions or ineffective strategic execution.

During the reporting period, the Bank regularly conducted evaluations of strategic execution. Adhering to a market-oriented approach, the Bank dynamically assessed its phased strategic goals, summarized the effects and deficiencies of strategy implementation, analyzed the opportunities and challenges in the future, and proposed pertinent development strategies for the following period. Meanwhile, the Bank regularly tracked and evaluated strategic risks under the comprehensive risk management system. As of the end of 2025, the Bank's strategic risks were generally controllable, with no occurrence of strategic risk incidents.

Risk Management

Compliance Risk

Compliance risk arises when a financial institution's management practices or employee actions breach regulatory standards, leading to the financial institution or its employees being liable for legal liabilities (criminal, administrative, or civil), financial losses, reputation damage, and other detrimental outcomes.

During the reporting period, facing a complex and volatile external environment and an increasingly severe compliance and case risk prevention situation, the Bank unwaveringly and thoroughly implemented the decisions and deployments of the CPC Central Committee, continued to improve its compliance management system, deepened the construction of a compliance culture, comprehensively enhanced compliance management measures, and enhanced the quality and efficiency of compliance management.

Improve compliance management system. Taking the implementation of the "Measures for the Compliance Management of Financial Institutions" as an opportunity, the Bank promoted the improvement of the compliance management system by formulating the "Compliance Management Measures of China Guangfa Bank", appointing the Chief Compliance Officer and a compliance officer, and publishing standardized management manuals such as the "Law and Compliance Work Manual" to consolidate the foundation of compliance management.

Deepen the construction of compliance culture. First, the Bank continued to leverage the effectiveness of the compliance publicity platforms such as "Explaining Laws and Regulations" and "Anti-Money Laundering Quarterly Report", through which it disseminated new laws and regulations and published compliance developments. Second, the Bank issued the "Compilation of Compliance Standards Employees Should Know and Understand" and the "Code of Conduct for Employees of China Guangfa Bank" to guide employees to firmly establish the behavioral principles of respecting, learning, abiding by, and applying regulations. Third, the Bank organized "Constitution Publicity Week" campaign to promote the spirit of the Constitution and strengthen employees' legal literacy. Fourth, the Bank issued the "Legal Risk Warnings" on an irregular basis and conducted regular legal education campaigns, so as to promote the concept of compliance with laws and regulations to be deeply ingrained in the hearts of its employees.

Establish a sound compliance management process. First, solidifying compliance risk prevention and control, and ensuring the implementation of responsibilities. The Bank strengthened compliance risk identification, assessment, investigation, and handling, and also coordinated, organized, promoted and supervised the implementation of compliance management responsibilities through mechanisms such as compliance review, inspection and rectification, evaluation and assessment,

and serious accountability, to advance the construction of a long-term and effective compliance management mechanism. Second, integrating compliance review into the business processes. When dealing with significant decisions, major projects, new products, and new business initiatives, the Compliance Management Department takes the initiative to strengthen legal compliance review and actively assist in identifying, evaluating, and preventing compliance risks. Third, establishing a sound compliance reporting mechanism. The Bank's compliance reports include both external regulatory reports and internal compliance reports. In terms of regulatory reporting, if there are instances of violations or risks, the Head Office and branches report to the National Financial Regulatory Administration and its dispatched agencies. In terms of internal reporting, the Legal and Compliance Management Department of the Head Office takes the lead in reporting to the senior management, and then the senior management reports to the Board of Directors. Direct branches, specialized institutions, and CGB Wealth Management adopt a dual reporting method, with the legal and compliance management department of each unit reporting to both the management of its institution and the Head Office's Legal and Compliance Management Department.

Strictly fulfill all obligations related to anti-money laundering. First, refining institutional systems. Aligning with the Anti-Money Laundering Law of the People's Republic of China and international standards, the Bank conducted evaluations on the implementation of the systems, promoted the construction of the anti-money laundering management system, and compiled the "Anti-Money Laundering Compliance Management Manual", forming a well-structured system. Second, deepening technological empowerment. The Bank expanded the application of AI technologies, launched a new generation of list monitoring system, and optimized monitoring and pre-warning model rules, to enhance the efficiency of risk warning and handling. Third, cultivating a strong compliance culture. The Bank established a stratified and graded training system and created the "Anti-Money Laundering e-Think Tank" platform to strengthen the advocacy of new laws and regulations and enhance the anti-money laundering compliance awareness of all employees. Fourth, reinforcing supervision and assessment. The Bank adjusted its anti-money laundering assessment logic and enhanced the scientificity of its assessment indicators; it also focused on high-risk areas to strengthen inspections and carried out internal audits of anti-money laundering, thereby promoting the closed-loop rectification of issues. Fifth, strengthening regulatory cooperation. The Bank actively cooperated with regulatory agencies in various investigations and supervision activities, made solid progress in preparations for the fifth round of FATF international assessments, and launched a new round of self-assessment of institutional money laundering risk to effectively consolidate the defense line against money laundering risk, actively making efforts to maintain financial security and stability.

Information Technology Risk

Information technology risk refers to the operational risks, legal risks and reputation risks arising from natural factors, human errors, technical vulnerabilities, and management defects during the application of information technology by a commercial bank.

The Bank has established a well-structured information technology (IT) risk management organizational framework featured with rational division of duties, clear accountability, mutual checks and balances, and transparent reporting. The framework includes three lines of risk defense, namely the Board of Directors, senior management and its subordinate committees such as the Internal Control, Compliance and Risk Management Committee, Technology Committee, and IT risk management. The Bank specified the goals, principles and frameworks for the IT risk management, established an institutional framework with IT risk identification, assessment, monitoring, and reporting as the main body, and set forth risk management strategies covering production, operation and maintenance, development and test, information security, business continuity, and outsourcing risks.

In terms of information technology (IT) risk management, the Bank continuously enhanced the management architecture, strengthened IT governance capabilities, and improved the capabilities and level of management. During the reporting period, the Bank insisted on achieving a balance between development and security. The Head Office and branches worked together in three lines of defense to jointly build a solid risk defense mechanism and continuously improved its technological leadership and risk control capabilities. Senior management strengthened coordinated guidance, establishing a mechanism subject to dual reporting and joint decision-making for information technology risk matters. The Bank conducted risk assessments in key areas such as risk monitoring and cybersecurity, built a data security system of “positive governance + reverse monitoring”, and established an online management mechanism for the entire process of R&D security control. The Bank also systematically promoted the “1-5-10” project and improved the system for information monitoring. Additionally, the Bank strengthened audit coverage and improved audit efficiency.

In terms of business continuity management, the Bank made ongoing efforts to establish a sound business continuity management system, and achieved a “two locations and three centers” information system architecture covering the Foshan Nanhai Data Center, Guangzhou Intra-city Backup Center and Beijing Off-site Disaster Recovery Center, so as to meet the Bank’s business continuity management needs. During the reporting period, the Bank enhanced the business continuity management system, and revised and issued the business continuity management system, continuously

strengthening its efforts in business continuity management. The Bank performed business impact analysis for business continuity at the head office and branch-wide level, enhancing the management of business continuity for key business areas. Additionally, the Bank reviewed and optimized the business continuity emergency plans, effectively enhancing the effectiveness and completeness of emergency plans across all units. Furthermore, the Bank developed and improved critical resources for business continuity, effectively enhancing the Bank’s emergency response and handling capabilities through drills for key business areas, critical information systems, and support assurance. The Bank also conducted training sessions on business continuity knowledge and enhanced the professional ability of the relevant personnel, thereby strengthening the development of its business continuity management team.

In terms of outsourcing risk management relating to information technology, the Bank formulated outsourcing management regulations, clarified outsourcing risk management organizational structure and division of responsibilities, and promoted the establishment of risk control processes for outsourcing risks in the pre-stage, during-stage, and post-stage. During the reporting period, the Bank carried out continuous supervision and promotion for outsourcing risk management, along with normalized outsourcing project management, and strict process supervision and control. Besides, the Bank made continuous efforts to strengthen outsourcing emergency management, including the development of outsourcing emergency drill plans and improvements to the outsourcing management system, and strengthened warning reminder function and information identification and processing efficiency. The Bank also enhanced the development of outsourcing teams, organized special training, and strengthened the performance capabilities of outsourcing risk management personnel.

Exposure of Risks with Significant Amounts

According to the Administrative Measures for Exposure of Risks with Significant Amounts of Commercial Banks (Order No. 1 [2018] of the Former CBIRC), significant amounts exposure refers to the exposure of commercial banks to a single customer or a group related customers in excess of 2.5% of their net tier-1 capital. The Bank placed a high priority on the management of significant amounts exposure risk by setting internal limits, dynamically monitored changes in significant amounts exposure and set early warnings. The Bank continuously promoted the building of information system and enhanced the capability to prevent significant amounts exposure. As of the end of 2025, the Bank’s significant amounts exposure indicators were controlled within the regulatory limit.

Risk Management

Internal Control

In accordance with the Commercial Bank Law and the Guidelines on Internal Control of Commercial Banks, the Bank established clear objectives and principles for internal control. It continued to strengthen the internal control system centered around five core elements, including internal environment, risk assessment, control activities, information and communication, and internal supervision. Through this framework, the Bank exercises comprehensive, end-to-end control over all business and management activities.

During the reporting period, the Bank continuously improved its internal control management mechanisms, intensifying compliance inspections and special reviews in key areas. It steadily advanced issue remediation management and optimized compliance assessment and evaluation processes. Additionally, by strengthening the systematic construction of internal control measures, the Bank further enhanced the overall effectiveness of internal control management across all operations.

Deepening internal control and compliance inspections.

The Bank focused on business areas with a higher incidence of issues and on critical stages of internal control and compliance management. It coordinated the formulation of the annual internal control compliance inspection plan, ensuring comprehensive coverage of key branches and sub-branches. Special inspections on compliance management in key areas were carried out to assess the effectiveness of compliance management at grassroots institutions, the robustness of compliance control over major business sectors, and the implementation of inspection and remediation mechanisms.

Strengthening issue remediation management. The Bank established a comprehensive remediation mechanism that emphasizes root cause analysis. By drawing lessons from individual cases to prevent recurrence and building long-term corrective frameworks, the Bank promoted fundamental remediation through improvements to systems, processes, and institutional procedures. The Bank continuously conducted quality reviews of remediation work, issued periodic reminders, and closely supervised the rectification of identified issues to ensure effective problem resolution.

Optimizing internal control and compliance assessment.

The Bank introduced measures to reduce administrative burden on grassroots units. By concentrating on key regulatory priorities and its internal control and compliance focus areas, the Bank optimized its internal control and compliance assessment indicators. It also strengthened the management of the assessment process by conducting semi-annual pre-assessments and annual evaluations, thereby driving improvements in the quality and efficiency of internal control and compliance management.

Continuously improving internal control system.

The Bank conducted annual internal control evaluations and engaged external audit firms to perform internal control audits. It actively implemented corrective measures to address deficiencies identified during evaluations and management recommendations proposed by external auditors, thereby continuously refining the robustness of its internal control system. Furthermore, the Bank formulated and executed annual plans for the systematic development of internal control measures to continuously enhance the level of systematic controls.

Internal Audit

The Bank operates an independent and vertical internal audit management system. Internal Audit Department carries out internal audits under the direct leadership of the Board of Directors and the CPC Committee, to which it is accountable and reports its work. The Board of Directors has ultimate responsibilities for the independence and effectiveness of internal audit. The Audit Committee under the Board of Directors manages and guides the bank-wide audit with the authority from the Board of Directors. During the reporting period, the Bank established the Audit Committee under the CPC Committee. The Audit Committee under the CPC Committee, which is led by the CPC Committee of the Head Office, is mainly responsible for the top-level design, overall coordination, and supervision of the Bank's major internal audit, to strengthen the management, guidance, and supervision over the internal audit. The Head Office has set up an Audit Department and four Regional Audit Centers in Guangzhou, Beijing, Shanghai, and Wuhan which are allowed to perform supervision, evaluation, and consulting functions independently. The Bank followed the decisions and plans of the CPC Central Committee and national strategies and focused on the key priorities of China Life Group and the CPC Committee of the Head Office. The Bank fully performed its supervisory and advisory functions by enhancing audit approaches and innovating audit methodologies to improve corporate governance, internal control, and risk management level throughout the Bank.

Focus on precise risk control to promote the improvement of risk management across the Bank.

Centering on key areas such as credit risk, operational risk, and information technology risk, the Bank conducted a series of special audits to thoroughly uncover issues in management and execution. Regarding internal control and fraud prevention risks, the Bank carried out surprise inspections on grassroots institutions with rapid business growth, weak management foundations, high-risk exposures, and heavy historical burdens, aiming to effectively identify and eliminate potential threats.

Focus on cost reduction and efficiency improvement to support business transformation.

Based on the Bank's requirements of cost reduction and efficiency improvement, the Bank conducted special audits in multiple areas such as key facilities and core businesses, which effectively promoted the optimization of resource allocation, strengthened cost control, consolidated the foundation for compliant development, and facilitated the implementation of business transformation.

Focus on compliance enhancement to consolidate the line of defense against business risks.

The Bank strengthened its audit supervision over compliance management and compliance with regulations in key areas and conducted special audits on compliance management and anti-money laundering. The Bank emphasized the soundness and effectiveness of the Bank's compliance management system, focused on the system completeness, process standardization and risk controllability of the Bank's business, and promptly warned and revealed potential compliance risks and operational risks to ensure the steady development of its business.

Focus on key institutions to strengthen supervision on governance and power.

The Bank strengthened the audit supervision on key positions, key personnel and risk institutions, promoted efficient supervision over economic power, and reinforced special inspections on institutions with high risks or overseas institutions, aiming to improve supervision efficiency and risk prevention and control.

Deepen digital transformation and strengthen audit team development.

The Bank deepened the digital transformation by conducting qualification certification for data audit professionals, promoting the implementation of digital audit demonstration projects, and strengthening system and model construction, with the digital audit yielding positive results. The Bank also strengthened team construction and organized training at different levels to improve all employees' ability to perform their duties. The promotion of research-based audit achieved remarkable results, thereby providing enhanced management guidance to the audit teams of its branches.

Capital Management

Capital Allocation and Management

The Bank earnestly implemented the requirements of regulating capital, continuously strengthened capital management, and safeguarded the bottom line of financial risk prevention with the aim of effectively identifying and resisting risks, and supporting the steady development of business. Guided by the management objective of the capital adequacy ratio, the Bank carried out comprehensive arrangement on the total capital and structure during the reporting period, and issued a total of RMB35 billion in Tier-2 capital bonds to replenish capital, which assisted reasonably restricting the over-expansion of risk-weighted assets and ensuring the stability of the capital adequacy ratio. Meanwhile, the Bank constantly improved the resource allocation and operation management mechanism, focused on value creation, and facilitated the optimization of the asset portfolio.

During the reporting period, the capital adequacy ratios at all levels of the Bank continued to exceed the regulatory requirements on domestic systemically important banks.

Capital Adequacy Ratio

Overview of Capital Adequacy Ratio

The Group calculates its capital adequacy ratio in accordance with the Administrative Measures for Capital Management of Commercial Banks and other regulatory requirements. The particulars at the end of 2025 are as follows:

Unit: RMB million

Item	31 December 2025
Total net capital	387,149
Including: Core Tier-1 capital	255,056
Adjustment of core Tier-1 capital	(4,334)
Net core Tier-1 capital	250,722
Other Tier-1 capital	50,000
Net Tier-1 capital	300,722
Tier-2 capital	86,427
Total risk-weighted assets	2,688,863
Including: Credit risk-weighted assets	2,504,946
Market risk-weighted assets	45,278
Operational risk-weighted assets	138,639
Core Tier-1 capital adequacy ratio (%)	9.32
Tier-1 capital adequacy ratio (%)	11.18
Capital adequacy ratio (%)	14.40

- Notes:
1. Scope of calculation of capital adequacy ratio: The Group's consolidated basis includes CGB Wealth Management and all domestic and overseas branches.
 2. Measurement methods for risk-weighted assets concerning various risks: The risk-weighted approach for credit risk, the standardized method for market risk and operational risk. During the reporting period, there was no significant change in the measurement methods for various risk-weighted assets, including credit risk, market risk and operational risk, the risk measurement system and relevant capital requirements.

Pillar 3 Disclosure

In accordance with the requirements of the Administrative Measures for Capital Management of Commercial Banks, the Bank has disclosed the Pillar 3 Disclosure Report. For details, please refer to the Investors Relationship on the Bank's website (www.cgbchina.com.cn).

Capital Financing Management

As of the end of 2025, the balance of the Bank's capital bonds amounted to RMB114.5 billion. Details are as follows:

Bond code	Bond abbreviation	Amount (RMB'00,000,000)	Start Date	Coupon interest rate (%)	Bond maturity (year)	Bond type
2028045	20 CGB Tier-2 02	35	2020/11/03	4.51	10+5	Tier-2 capital bonds
242400011	24 CGB Perpetual Bond 01	300	2024/06/21	2.39	5+N	Perpetual bonds
232480039	24 CGB Tier-2 Capital Bond 01A	200	2024/08/05	2.17	5+5	Tier-2 capital bonds
232480040	24 CGB Tier-2 Capital Bond 01B	60	2024/08/05	2.30	10+5	Tier-2 capital bonds
242400033	24 CGB Perpetual Bond 02	200	2024/11/25	2.42	5+N	Perpetual bonds
232580056	25 CGB Tier-2 Capital Bond 01BC	350	2025/12/15	2.25	5+5	Tier-2 capital bonds
Total		1,145				

Implementation of the Advanced Capital Measurement Method

The Bank attached great importance to the development of the advanced capital measurement method. It further strengthened the internal management application and facilitated the optimization and upgrading of the risk management system in accordance with the requirements of the advanced capital measurement method. First, the Bank issued the "Implementation Plan of Advanced Capital Measurement Method of China Guangfa Bank", which clarified the scope of implementation and the application for the compliance of those advanced approaches. Second, the Bank improved its internal rating system, continuously carried out iterative optimization of internal rating models, and improved the quality and efficiency of the models. Third, the Bank further promoted the application of internal rating results in multiple areas such as economic capital measurement and performance evaluation.

Strategic Cooperation with Major Shareholders

The Bank carried out all-around cooperation with its major shareholders in the principle of complementary advantages and mutual benefits.

During the reporting period, the Bank cooperated with China Life Insurance Company Limited and other member companies of China Life Group in the fields including commission-based insurance distribution, commission-based fund distribution, payroll services, consumer finance services, cash management, bond investments, investment banking, asset management, asset custody, interbank business, foreign exchange settlement and sales, and deposit services. This cooperation significantly enhanced the synergies between banking, insurance, and investment sectors. Additionally, the Bank actively implemented the “Five Major Sectors” of finance and created a competitive edge in unique and differentiated financial services offerings, continuously boosting its capacity to serve the national strategy, bolster the real economy, and enhance societal well-being.

The Bank mainly cooperated with CITIC Trust Co., Ltd. in the fields of wealth management, asset custody, foreign exchange settlement and sales and bond investments.

The Bank partnered with State Grid Yingda International Holding Group Co., Ltd. and other member companies of its parent company in areas such as commission-based insurance distribution, commission-based fund distribution, open banking, cash management, trade financing, asset custody, third-party depository, fund transactions, comprehensive credit facilities, and deposit services.

The Bank cooperated with Jiangxi Communications Investment Group Co., Ltd. mainly in the fields of deposit services, loan business, investment banking, bond investment, and asset custody.

The Bank primarily engaged with the Ministry of Finance of the People’s Republic of China in the fields of centralized treasury payment, collection of non-tax revenues, treasury cash management, and treasury bond business.

The Bank primarily collaborated with Guangzhou City Construction Investment Group Co., Ltd. in the fields of deposit services, comprehensive credit facilities, and asset custody.

The Bank worked with Shantou Investment Holdings Group Co., Ltd. in the area of deposit services.



Prospects for the Bank's Future Development

Industry Competition Landscape and Development Trend

During the “14th Five-Year Plan” period, influenced by the combined effects of a shift in economic growth speed, deepening interest rate liberalization, narrowing interest margins, tightening regulation, and an accelerating technological revolution, the development landscape of the banking industry exhibited the following characteristics: First, the industry's competitive landscape was profoundly reshaped, with the Matthew effect intensifying and differentiated competition becoming prominent. During the “14th Five-Year Plan” period, the banking industry moved away from an era of homogenous scale expansion and entered a new stage of development where core competitiveness is defined by strategic focus, professional capabilities, and digitalization levels, with significant divergence in the development paths and market positions of various market players. Second, large state-owned banks are demonstrating robust performance, while joint-stock banks and city commercial banks showed significant differentiation. Large state-owned banks continued to act as the “ballast” of the financial system with their advantages in scale, outlets layout, and funding costs. The differentiation trend among joint-stock banks became increasingly apparent. City and rural commercial banks showed “polarization”: leading city and rural commercial banks developed rapidly by leveraging the economic advantages of their locations, while the vast majority of regional banks played a unique role in serving local economies and small and micro enterprises, but also commonly faced development bottlenecks such as geographical restrictions, technological shortcomings, and talent shortages.

Looking ahead to the “15th Five-Year Plan” period, industry competition will become more intense, with leading banks maintaining their dominant position as the strong continue to grow stronger. Large state-owned banks will continue to dominate the market and play a key role in serving national strategies, while also maintaining a leading edge in digital transformation through strong investment in technology and channel networks. The joint-stock banks will further seek development through differentiation, with the overall trend of divergence continuing. City and rural commercial banks will adhere to their positioning of “serving urban and rural residents, serving small and medium-sized enterprises, and serving the local economy”, building differentiated competitive advantages by deeply cultivating their local regional markets.

Business Plan for 2026

In 2026, the first year of the 15th Five-Year Plan, the Bank will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the spirit of the 20th CPC National Congress, along with the Plenary Sessions of the 20th CPC Central Committee, the Fifth Plenary Session of the 20th Central Commission for Discipline Inspection of the CPC, the Central Economic Work Conference and the National Financial System Work Conference. Building on its core responsibilities and primary tasks, the Bank will thoroughly implement Xi Jinping's Economic Thought on Finance, focus on value creation, promote reform and innovation, and endeavor to get off to a good start in the 15th Five-Year Plan period. Firstly, we will comprehensively promote the enhancement of value creation capabilities. Efforts will be made

to build a comprehensive management model for corporate finance, strengthen the collaboration between group member units and the head office, support the development of new quality productive forces, and build an industry-leading one-stop supply chain platform; deepen the transformation and development of retail finance, accelerate the coordinated development of overall retail, and create a China Life One-Account wealth management platform with high quality; enhance professional operation capabilities for financial markets and interbank business, and accelerate the construction of a synergetic ecosystem of “sales, interbank, custody and investment”. Secondly, we will strive to become the leading bank in the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank will promote the direct management of strategic customers by the Head Office based on the functional advantages of the headquarters; improve a package of financial solutions integrating “insurance, investment, lending, equity and bond services” based on the group's comprehensive financial advantages; and strive for the first launch and direct operation of more financial products and service platforms based on the geographical advantages of the Guangdong-Hong Kong-Macao Greater Bay Area. Thirdly, we will comprehensively promote the transformation of digital intelligence. The Bank will establish and improve the in-depth integration mechanism between technology and business, build a high-level digital intelligence integration laboratory of “smart bank”, promote the in-depth application of “AI+” in various business scenarios, and develop larger-scale and more capable digital employees and customer AI assistants. Fourthly, we will build a solid defense line for risk control and compliance. The Bank will implement whole-process risk management, initiate the construction of “1+3+9” comprehensive risk management system, gradually promote the implementation of a new credit approval system, strengthen risk management and control in key areas, broaden disposal channels and improve disposal efficiency of non-performing assets.

Potential Risks and Countermeasures

In 2026, both domestic and international economic conditions still face multiple challenges. Internationally, the global economic landscape is evolving rapidly, with the complexity, severity and uncertainty of the external environment mounting, the growth momentum of global trade weakened, the unilateralism and trade protectionism on the rise, and the divergence among major economies is becoming increasingly pronounced. Domestically, the conflict between strong supply and weak demand in the real economy has not been completely resolved. The Bank will adhere to early planning, early deployment and early follow-up, and spare no effort in promoting risk mitigation in the real estate sector. Closely following the direction of adjustments in regulatory policies, the Bank will explore and support a new development model for the real estate industry, and increase its support for high-quality projects such as “Good Houses” and urban renewal projects, so as to continuously improve the quality of the Bank's real estate credit assets.

The Bank will closely monitor changes in both domestic and international environments, take prudent yet positive actions to maintain the balance between development and safety, combine comprehensive prevention with targeted control, integrate precise judgment with bottom-line thinking, merge scientific prevention with active resolution, become more proactive in risk management, and work to mitigate risks in key areas.

Environmental and Social Responsibility

Adhering to the social responsibility concept of “focusing on people’s development to achieve a harmonious and win-win situation”, the Bank earnestly fulfilled its mission of being a member unit of central state-owned financial enterprises, spared no effort to serve the real economy, further developed green finance, consistently promoted green operation, and strengthened the protection of consumers’ rights and interests. Also, the Bank proactively helped with rural revitalization, involved in public welfare and charitable undertakings, and unswervingly practiced the political and people-oriented nature of financial work, so as to continuously improve the brand influence and social value of CGB.

Adhere to the Origins of Finance and Serve the Overall Development

During the reporting period, the Bank developed targeted programs based on the “Five Major Sectors” of finance and established a sound working mechanism. In terms of technology finance, the Bank established a dedicated task force for financing technology enterprises, built the model of “bank credit + equity investment + insurance protection”, and set up 30 technology finance centers. The balance of technology loans amounted to RMB415.7 billion, representing a year-on-year increase of 25.3%. In terms of green finance, the Bank experienced a rapid growth in green credit and launched products such as environmental rights pledged loans. The Bank created a diversified green finance service system, promoted “Sustainable Development-linked Loans” and transformed the financial model, so as to facilitate green transformation of traditional high-carbon industries. In terms of inclusive finance, the Bank deepened the inclusive finance 2.0 model, continuously optimized standardized products such as “Science and Technology Innovation Loan”, “Hui Xin Loan” and “Hui Lian Loan”, successfully launched supply chain financial products to serve the upstream and downstream of core enterprises, and established the mechanism of “dare, willing, able and sure to lend”. The balance of loans to inclusive small and micro enterprises amounted to RMB212.6 billion. In terms of pension finance, the Bank upgraded the brand of “Zizai Card” and created the scenario of “Senior Citizen Canteen”, with a total of 778,000 cards issued. In terms of digital finance, the Bank formulated its “15th Five-Year” Digital Intelligence Transformation Plan, developed the “Digital and Intelligent Guangfa” and “Ecological Guangfa”, implemented 158 large language model application scenarios, and certified over 1,200 digital finance talents. During the reporting period, the Bank continuously improved its modern corporate system and was listed as a domestic systemically important bank consecutively, ranking 60th among Global Top 1000 banks by The Banker.

Deeply Cultivate Rural Fertile Land and Empower Comprehensive Revitalization

The Bank unswervingly implemented the decisions and arrangements of the CPC Central Committee on the work of “agriculture, rural areas and farmers”, strictly and accordingly implemented key tasks and directives of the group company on annual rural revitalization support, formulated and carried out annual key work plans, and systemically promoted the overall enhancement of quality and efficiency for assistance work. During the reporting period, the Bank dispatched 49 cadres to 51 assistance sites. Throughout the year, no large-scale return to poverty occurred in the assistance sites. The task forces of the Head Office stationing in towns were commended by the provincial Party committee and the provincial government for their outstanding performance in the ecological construction of green and beautiful Guangdong, and the cadres for targeted assistance was awarded the title of “Advanced Individual Stationing in Towns to Help Towns and Villages for Guangdong Rural Revitalization”.

The Bank fully leveraged its comprehensive financial advantages, implemented targeted policies and deepened the synergy between consumption assistance and industrial finance, so as to continuously inject high-quality financial resources for the integrated development of urban and rural areas. Throughout the year, the Bank purchased and assisted in the sales of agricultural products totaling RMB28.15 million. The charity event of “Support Green Development Surrounding Nankun Mountain and Luofu Mountain Areas, and Promote the ‘High-Quality Development Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages’ (环两山护绿, 百千万同行)” of Guangfa Hope Charity Fund was held in Boluo County, Huizhou City, to support Huizhou “Surrounding Nankun Mountain and Luofu Mountain Areas” Project under the “High-Quality Development Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages” in Guangdong Province. During the reporting period, the Bank was awarded as the “ESG Competitiveness Enterprise of the Year” at the 4th ESG ecological co-construction theme event, and was included in the “2025 Rural Revitalization Practice Case” by Xinhuanet.

The Bank continued to care for and support the growth and development of rural youth by relying on Guangfa Hope Charity Fund, and provided diversified growth support for rural children through special themes such as “Exercise More” and “Read More”. During the reporting period, Guangfa Hope Charity Fund donated and built 7 “Hope Kitchens”, 7 “Hope Sports Grounds”, 8 “Hope Music Classrooms” and 10 “Hope Libraries” in 13 provinces and municipalities including Guangdong and Guangxi, with 825 needy students directly funded. Guangfa Hope Charity Fund comprehensively helped rural youth to improve their physical and mental health and overall quality through special projects such as the basketball winter camp, picture book project, and psychological assistance project of “Guarding the Mind for Hope”.

Deepen Green Development and Empower Low-carbon Transformation

In 2025, the Bank upgraded the concept of green development to a strategic level in the Bank, actively responded to climate change, and strived to build a multi-layer green financial service system. Through targeted credit granting and innovative products and services, the Bank's green credit balance exceeded RMB230 billion, maintaining rapid growth and injecting strong impetus for the green and low-carbon transformation of the economy and society.

The Bank fully included the requirements of green and low-carbon development into its operation and management process, formulated special policies, identified key areas to support such as energy conservation and environmental protection and clean energy, and established a priority approval and differentiated pricing mechanism for green projects. The Bank focused on industrial green transformation and environmental resources development, developed diversified innovative product tools, promoted products such as carbon finance, sustainable development linked loans and green supply chain, and established a comprehensive green financing service system. The Bank provided customized financial solutions for key industries such as new energy vehicles and high-end equipment manufacturing, with a number of cases included in Guangdong Green Finance Reform and Innovation Promotion Cases. With its professional performance in the green finance field, the Bank won the first prize in the Guangdong-Hong Kong-Macao Greater Bay Area Green Finance Skills Competition of the Chinese Financial Workers' Union.

To accurately align with "dual carbon" goals, the Bank continued to increase credit granting in key areas such as clean energy, green technical transformation and ecological construction. In 2025, the balance of loans for the clean energy industry amounted to RMB35.157 billion, and the increase in green credit for that year amounted to RMB68.27 billion, driving the annual carbon reduction of 188,371 tons. The Bank conducted pioneering exploration in green finance reform and innovation pilot zones of Hangzhou and Guangzhou, actively promoted the transformation of ecological resources value, and formed a robust development model of "ecological protection-industrial upgrading-economic growth". Relevant practices have become the industry model for replication and promotion.

The Bank actively implemented the demonstration of low-carbon operation and established the first "zero-carbon outlet" in the Bank. The Bank optimized the structure of office energy consumption, promoted paperless office and waste sorting and recycling, and fulfilled environmental responsibility through green operation practices. The Bank continued to improve the green credit management system, strengthened the ability to identify the risks of "greenwashing", and deeply participated in the research on financial policies for the transformation of the building materials industry in Guangdong Province and the chemical industry in Guangzhou.

Maintain Responsibility Brand and Spread Warmth of Public Welfare

The Bank actively engaged in public welfare and charitable activities, continuously enhanced its social responsibility brand. During the reporting period, through various channels including the China Life Charity Foundation, Guangfa Hope Charity Fund, and retained funds from the Guangdong "6.30" donation activity, the Bank donated a total of approximately RMB27.08 million, for the purpose of supporting rural revitalization and public welfare programs.

Adhering to the mission of "Lighting the Path, Shaping the Future", Guangfa Hope Charity Fund has long been dedicated to the educational undertakings and the comprehensive development of youth in rural areas. During the reporting period, Guangfa Hope Charity Fund implemented public welfare programs with a total amount of RMB11.2448 million, and conducted special public welfare initiatives in 86 schools across 11 provinces, benefiting more than 110,000 teachers and students. Through carrying out brand activities such as "Guangfa Junior Basketball Star" Dream Carnival and "Guangfa Charity Tour", the Bank provided comprehensive support for rural youth development through diverse approaches including sports, aesthetic education and financial literacy promotion. By virtue of its robust project management and significant social impact, Guangfa Hope Charity Fund was awarded the "15 Years of Business for Good Model Award" and the "2025 Public Welfare Program Award" at the 15th Public Welfare Festival.

In terms of public welfare model, the Bank continued to explore and innovate, and its issued credit cards opened channels for charitable donation with points. During the reporting period, Guangfa Hope Charity Fund carried out 14 theme activities of donation with points via the "Discover Wonders" APP, with over 900,000 participants and over RMB10.22 million in fundraising. In 2025, the Bank launched the first "Finance + Charity" charitable wealth management product, with a fundraising scale of over RMB230 million. The excess proceeds were donated to the "Lantern Mountain Initiative" to help improve the infrastructure and education conditions in mountainous areas.

Environmental and Social Responsibility

Inclusive Finance Business Topic

Build A New Ecosystem for CGB's Inclusive Finance and Enhance Financial Vitality to Benefit Enterprises

The Bank evolved around inclusive finance, strengthened financial support for the development of small and micro enterprises and comprehensively promoted the financial services to support rural revitalization. The Bank optimized the allocation of financial resources, accelerated the transformation and upgrading of the Bank's inclusive finance business, and achieved the goal of "ensuring quantity, improving quality, stabilizing prices, and optimizing structure" of financial services for small and micro enterprises. These efforts enabled the Bank to better meet the diverse and comprehensive financial needs of inclusive finance customer group, so as to help stabilize expectations, stimulate vitality and promote economic recovery and improvement.

Strengthen Top-level Design and Clarify the Development Direction of Inclusive Finance for the Bank

Formulate an annual work plan for inclusive finance business to point out the direction for the Bank's inclusive finance business development. The Bank issued the CGB's Work Plan for Inclusive Finance Business of Year 2025, the CGB's Annual Guidance for Inclusive Finance Work of Year 2025, and the CGB's Work Plan for Financial Services for Comprehensive Rural Revitalization of Year 2025. These documents clarified the overall goals and specific implementation work for inclusive finance business development and financial services for rural revitalization in 2025. The Bank deeply integrated the inclusive finance system into the entire business ecosystem and formulated the Inclusive Finance 2.0 model, featuring batch customer acquisition, comprehensive services, digital and intelligent transformation, and compliant development, to fully enhance the capability and quality of its inclusive finance services.

Strengthen communication with regulators and effectively improve the regulatory evaluation of financial services for small and micro enterprises. The Bank placed great importance on communication and interaction with regulatory authorities, timely adjusting its inclusive finance development strategy based on regulatory guidance and identifying its operational positioning in line with its own characteristics. In the 2024 regulatory evaluation of financial services for small and micro enterprises, the Bank was rated Grade 2A, ranking in the first tier of joint-stock banks and achieving its best results in history.

Strengthen the Construction of the Inclusive Finance 2.0 Model and Build the Core Competitiveness of CGB's Inclusive Finance

Strengthen the creation of inclusive finance products to establish a product system for batch customer acquisition. Focusing on key customer groups such as "Rural Revitalization", "Specialty Business Districts", and "Supply Chains", the Bank launched products in small, multiple batches, including the Dougou Village Grape Loan in Qujing, Yunnan, the Hui Lian Tong (China Southern Power Grid) Supply Chain Project, and the Manbang Shipper Loan. This created a CGB inclusive finance product matrix of "standardized Head Office products + specialized branch solutions" and increased the proportion of standardized products.

Strengthen "Credit plus" comprehensive services to enhance the quality of inclusive finance services. To meet the operational and development needs of small and micro enterprises, the Bank fully leveraged the synergistic advantages of the comprehensive financial resources of China Life Insurance (Group) Company and its internal product resources. By integrating business resources such as equity investments from insurance funds, bank settlement services, and

equity financing advisory, the Bank provided comprehensive services including settlement, financial advisory, and exchange rate hedging. This enhanced financial services for small and micro enterprises throughout their full life cycle, establishing the Bank as their partner bank.

Establish an operation system for digital and intelligent transformation to enhance precise customer acquisition capabilities. The Bank promoted the digital and intelligent transformation of its products by enabling end-to-end online operations for products and services, thereby freeing up front-line productivity. It advanced the digital and intelligent transformation of risk control by continuously improving online risk control models with internal and external big data resources, shifting risk management from "human prevention" to "human prevention + intelligent control". It also drove the digital and intelligent transformation of its operating system by, on one hand, strengthening marketing lead mining functions to improve marketing precision and service timeliness across different scenarios, and on the other hand, promoting the AI intelligent investigation report project to enhance the automated and intelligent generation of credit investigation reports, thereby increasing efficiency and reducing the workload for front-line staff.

Establish an internal control system for compliant development to solidify the inclusive finance business. First, the Bank enhanced the capability for compliant business operations and built compliance capabilities related to pre-loan due diligence, loan assessment, and post-loan monitoring. Second, the Bank enhanced the performance of management duties and prioritized compliance work in areas such as compliance audits, data governance, anti-money laundering, anti-fraud and consumer protection. Third, the Bank strengthened the management of partner institutions through daily monitoring and performance tracking, and implementing a differentiated strategy of "retaining the effective and phasing out the ineffective". This continuously improved the level of internal control, compliance, and risk management for the inclusive finance business line, ensuring that the business was conducted genuinely and solidly.

Thoroughly and Meticulously Implement the Coordination Mechanism for Supporting Small and Micro Enterprise Financing

The Bank has always adhered to the political and people-centric nature of financial work. It comprehensively deepened the implementation of the spirit of the mobilization, deployment, and progress meetings for the coordination mechanism supporting small and micro enterprise financing, concentrating the Bank's resources to efficiently advance all related work. As at the end of 2025, the Bank had cumulatively visited 171,000 small and micro enterprises and received recommended lists of over 46,000 clients. It had granted credit facilities of over RMB175.0 billion to 43,000 small and micro enterprises in the lists, and disbursed loans of over RMB110.3 billion to 42,000 small and micro enterprises, with a loan balance of over RMB93.9 billion. The Bank continued to promote the healthy development of small and micro enterprises with greater efforts and more concrete measures.

Organize visits and research on small and micro enterprises. The Head Office's special task force went to Zhejiang Province and conducted widespread outreach to thousands of businesses and households. In collaboration with the Financial Work Office of the Yiwu Municipal People's Government, it conducted on-site research into the business operations of enterprises in the Yiwu International Trade City. Each branch formulated its own special task force's visit plan for small and micro enterprises based on its actual situation, encouraging institutions at all levels to create a surge of activity for the widespread outreach to thousands of businesses and households.



Conduct comprehensive publicity to create a positive atmosphere.

In Hangzhou, the Bank held a press conference and a small and micro enterprise visit and research event on the implementation of the coordination mechanism to support financing for small and micro enterprises, themed "With China Life, Lifelong Guardianship – Financial Vitality Nourishes Private and Small/Micro Enterprises". At the same time, the Bank conducted publicity through internal and external media, publishing articles in some media outlets such as Xinhuanet and People's Daily, including the "CGB: Nourish Private and Small/Micro Enterprises with Financial Vitality" and "CGB Supports Private and Small/Micro Enterprises to Thrive in Zhejiang". A post titled "The Path of Inclusive Finance | CGB Conducts 'Widespread Outreach to Thousands of Businesses and Households' in Zhejiang to Safeguard the Development of Small and Micro Enterprises" was published on "CGB Weixun Agency" and was reposted by key media outlets including People's Daily and China News Service, fully demonstrating the positive results of the Bank's support for the development of small and micro enterprises.

Increase support for small and micro enterprises in key areas.

On one hand, the Bank strengthened credit product innovation for key scenarios. It innovatively launched products such as Hui Xin Tong (Technology Innovation Loan) and Hui Xin Tong (Huiyi Loan). It also collaborated with Yiwu Small Commodity City Group to optimize the Mall E-Loan product for foreign trade merchants, increasing financial support for sci-tech and foreign trade-oriented small and micro enterprises. On the other hand, the Bank issued the "CGB Action Plan for Supporting the Stabilization of Foreign Trade", guiding branches to make good use of cross-border financial products like the Cross-border Instantaneous Series and Guang Shang Hui to strengthen support for the development of foreign trade enterprises.

Enhance the Quality and Efficiency of Financial Services for Rural Revitalization

The Bank took proactive initiatives to optimize financial services for agriculture, rural areas, and farmers. Focusing on the needs of local specialty industries and agricultural business entities, the Bank increased agriculture-related financial support. The Bank carried out product innovation focusing on key areas of rural revitalization such as the seed industry and food security, and actively provided financial services to new types of agricultural business entities. Based on the resource endowments and industrial characteristics of poverty-alleviated areas, the Bank scientifically formulated plans for credit granting, precisely matched regional development needs, effectively reduced financing costs, and supported the expansion and strengthening of advantageous and distinctive industries in impoverished regions. During the reporting period, as at the end of 2025, the Bank's balance of agriculture-related loans was RMB146.339 billion, an increase of RMB17.926 billion or 13.96% from the beginning of the year. The balance of inclusive agriculture-related loans was RMB25.196 billion, an increase of RMB3.308 billion or 15.12% from the beginning of the year. The balance of various loans to poverty-alleviated areas was RMB4.232 billion, and the loan balance to national key assistance counties for rural revitalization was RMB1.954 billion, continuously supporting the development of rural revitalization business.

Innovate financial services and develop special programs according to local conditions.

Based on the specific scenarios of "villages, circles, and chains", the Bank introduced new agriculture-related credit products. Focusing on the Bank's rural revitalization assistance sites and local specialty agricultural industries, it has formulated over 70 agriculture-related special program products in total. Dalian Branch successfully launched the nation's first innovative "(Temperature Index) Insurance + Banking" business. Nanchang Branch, in collaboration with institutions such as Jiangxi General Credit System Co., Ltd. and Jiangxi Agricultural Credit Financing Guarantee Co., Ltd., launched the "Rural Insurance Loan" project to provide online financing services for farmers, enhancing the convenience of serving agriculture, rural areas, and farmers. Urumqi Branch cooperated with Beijing Zhimian Technology Co., Ltd., which possesses operational and sales data of cotton farmers, to focus on the cotton farmer customer group and launch "Cotton E-loan", a fully online personal credit loan product for business operations. As at the end of 2025, the Bank continuously optimized the "Agricultural E-loan" special program product, with a cumulative disbursement of over RMB4.1 billion, benefiting more than 40,000 farming households. In line with regional specialty agriculture-related industries, it launched distinctive special program products such as "Rural Capital Loan", "Rural Insurance Loan", and "Cotton E-loan". Shaoguan Branch's "Paddy Rice Carbon Sink Pledged Loan" model was recognized as a "2025 Guangdong Green Finance Reform and Innovation Promotion Case".

Strengthen the cooperation between the Bank and the government, and strongly support local development.

The Bank actively responded to the decisions and deployments of local governments, increased communication and coordination with agricultural and rural affairs departments at all levels, and ensured the implementation of local agriculture-related policies. In particular, the Bank diligently implemented deployments of the Guangdong Provincial Party Committee's "1310" plan, accelerating the promotion of the "High-Quality Development Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages" to achieve the goal of "seeing initial results within three years". The Bank deepened its cooperation with the Department of Agriculture and Rural Affairs of Guangdong Province, continuously promoting the implementation of the rural revitalization financing risk compensation business in Guangdong. The Bank actively implemented the work requirements of the Guangdong Provincial Party Committee and Provincial Government on supporting high-quality county-level development, and collaborated with units such as the Provincial High Court, the Provincial Red Cross Society, and the Provincial Department of Human Resources and Social Security to carry out vertical assistance work for counties like Ruyuan in Shaoguan and Raoping in Chaozhou. As at the end of 2025, the Bank had cumulatively disbursed RMB379.349 billion in loans for the "High-Quality Development Project for One Hundred Counties, One Thousand Towns, and Ten Thousand Villages", of which RMB134.184 billion was newly disbursed in 2025. The Bank signed a cooperation agreement for the rural revitalization financing risk compensation fund with the Department of Agriculture and Rural Affairs of Guangdong Province, introducing fiscal funds for credit enhancement and risk sharing for agriculture-related businesses within Guangdong Province. This drove the cumulative disbursement of inclusive agriculture-related loans to RMB1.585 billion, a new increase of RMB653 million from the beginning of the year. A cooperation agreement was signed with Guangdong Agricultural Financing Guarantee Corporation, encouraging 17 branches within the province to further develop agriculture-related business, with a loan balance of RMB38.37 million as at the end of 2025.

List of Honors

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Central Leading Group for Publicity, Ideological and Cultural Work

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Research Association of Ideological and Political Work of China Financial Institutions

Demonstration Site for Learning from Lei Feng
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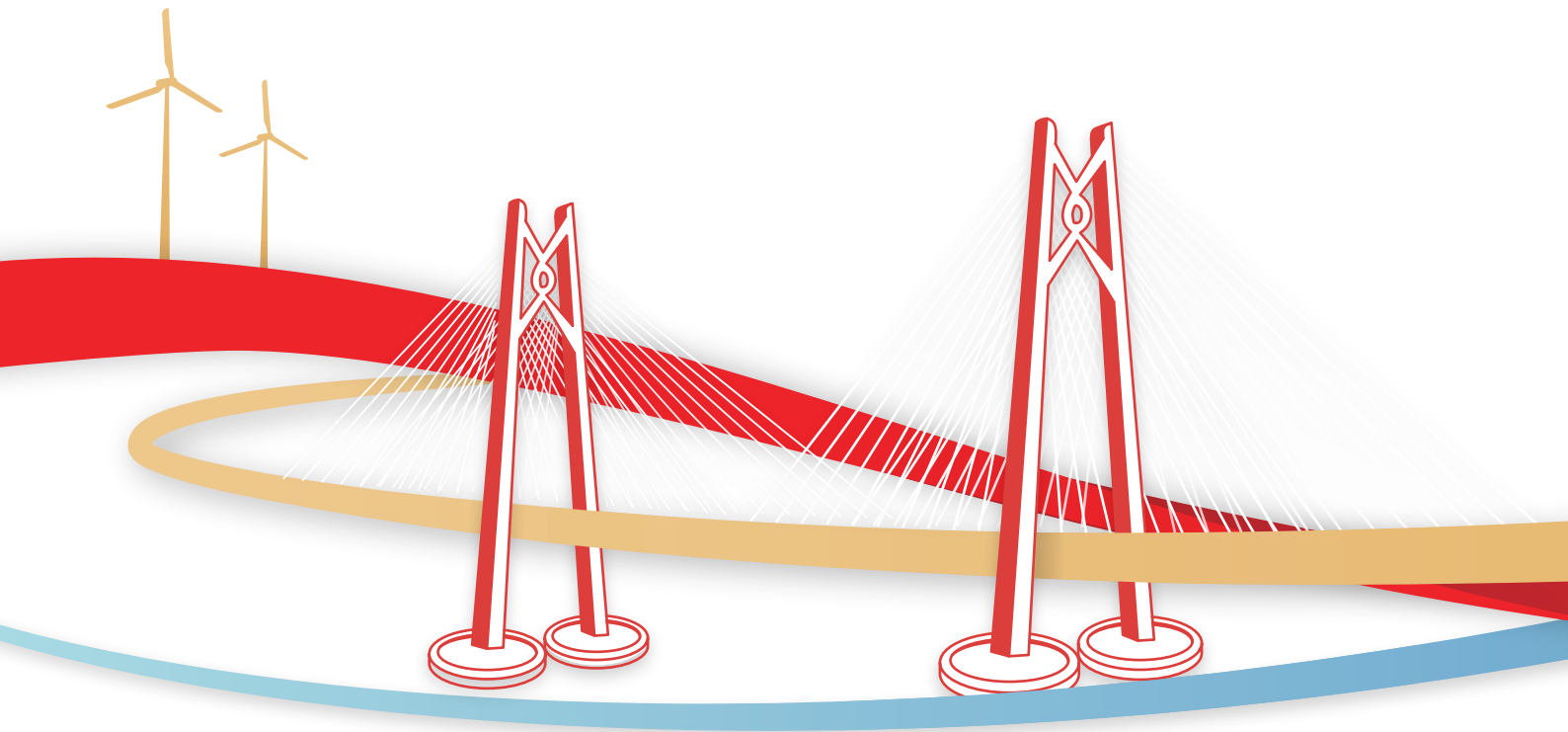
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21st Century Business HeraldPioneering and Enterprising Joint-Stock Bank of the
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Printing & Production (Asia/Pacific) in the ARC Awards,
LACP Platinum Award

**We consistently translate our mission
and responsibilities into concrete actions,
leveraging financial resources to advance
public welfare**





— 保 险 · 投 资 · 银 行 —

Adhering to a people-centered development philosophy, we translated the political and people-oriented nature of financial work into concrete actions to serve the real economy and promote inclusive prosperity. Anchored to the national “15th Five-Year Plan” development goals, we fully leveraged our two distinctive strengths, “Being Rooted in the Greater Bay Area” and “Comprehensive Finance”, to diligently advance the Five Major Sectors. We wholeheartedly supported the implementation of major national strategies, conveying the warmth of finance through our contributions to the nation’s overall development and the enhancement of people’s well-being.



Significant Events

Profit Distribution

The Bank (as a legal person) made an after-tax profit of RMB12.773 billion in the audited 2025 financial statements. After the deduction of the dividends of RMB1.201 billion in undated capital bonds, the after-tax profit distributable for ordinary shareholders was RMB11.572 billion. The Bank intended to appropriate RMB1.277 billion at 10% of the after-tax profit to the statutory surplus reserve, and RMB317 million at 1.5% of the closing risk assets balance to the general risk reserve. As of the dividend record date, a cash dividend of RMB0.659 (tax inclusive) per every 10 shares will be paid to all shareholders of record, amounting to RMB1.436 billion.

The above profit distribution plan is subject to the review and approval at 2025 annual general meeting of the Bank.

Changes in Shareholding of Top 10 Shareholders during the Reporting Period

During the reporting period, Guangdong Haiyin Commodity Exhibition Service Center Co., Ltd., the former shareholder of the Bank, transferred 2,099,341 shares of the Bank to Guangdong Yuecai Asset Management Co., Ltd., the 10th largest shareholder of the Bank. Following the change in shareholding, the shares of the Bank held by Guangdong Yuecai Asset Management Co., Ltd. increased to 212,099,341 shares.

As at the end of 2025, the Bank's top 10 shareholders are China Life Insurance Company Limited, CITIC Trust Co., Ltd., State Grid Yingda International Holdings Co., Ltd., Jiangxi Communications Investment Group Co., Ltd., Ministry of Finance of the PRC, AVIC Investment Holding Co., Ltd., Guangzhou City Construction Investment Group Co., Ltd., Jiangsu Suzhou Steel Group Co., Ltd., Hunan Xiangjiang New Area Development Group Co., Ltd. and Guangdong Yuecai Asset Management Co., Ltd.

Increase or Decrease of Registered Capital

During the reporting period, there were no changes in the registered capital of the Bank.

Acquisition or Sale of Assets, Division and Merger of Enterprises

During the reporting period, the Bank made no significant acquisition or sale of assets or division or merger of enterprises.

Significant Lawsuits and Arbitrations

During the reporting period, the Bank didn't have any significant lawsuits or arbitration.

As of 31 December 2025, the Bank still has pending litigation or arbitration cases as a defendant or respondent with a principal amount of RMB11.443 billion (including RMB10.841

billion involved in the litigation arising from Huizhou Qiaoxing Risk Incident). The Bank has made appropriated provisions for the estimated progress of the involved lawsuit cases and disputes in accordance with relevant requirements. The aforesaid events may have an impact on the Bank's financial condition or operating results to a certain extent.

Significant Events concerning Custody, Guarantees, Commitments and Entrustment of Asset Management during the Reporting Period

Major Custody, Contracting and Leasing

During the reporting period, there were no major events concerning custody, contracting and leasing of other companies' assets or custody, contracting and leasing of the Bank's assets by other companies, apart from the asset custody business conducted by the Bank within the business scope as approved by the National Financial Regulatory Administration.

Material Guarantees

During the reporting period, there were no material guarantee events apart from the financial guarantee business conducted by the Bank within the business scope as approved by the National Financial Regulatory Administration.

Entrustment of Cash Asset Management

During the reporting period, there were no events concerning the entrustment arrangements of cash asset management.

Related Party Transactions

Overview of Related Party Transactions

The Bank has established an organizational structure for related party transaction management, featuring the management by the General Meeting of Shareholders, the Board of Directors, the Related Party Transaction Control Committee under the Board of Directors and the senior management, and division of labour and cooperation among functional departments. The General Meeting of Shareholders is responsible for reviewing and approving related party transactions subject to its approval. The Board of Directors is responsible for reviewing and approving the management system of related party transactions, reviewing and approving major related party transactions and those authorized by the General Meeting of Shareholders; and it bears the ultimate responsibility for the management of related party transactions of the Bank. The Related Party Transaction Control Committee under the Board of Directors assists the Board of Directors to manage related party transactions, controls the risks of related party transactions, and puts forward specific opinions and suggestions to the Board of Directors. The senior management is responsible for guiding and coordinating the management

of related party transactions of the entire Bank, and promoting the improvement of the internal control mechanism and risk management of related party transactions. When conducting related party transactions, the Bank strictly complies with the relevant requirements of the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions and the Governing Rules for Related Party Transactions of China Guangfa Bank. The Bank also follows the principle of honesty and credit, openness and fairness, look-through identification and clear structure. In accordance with commercial principles, the Bank conducts related party transactions on terms no better than those for similar transactions with non-related parties. There is no circumstance under which the interests of the Bank and its shareholders would be harmed. Related party transactions are as follows:

Related party transactions of credit granting business.

In 2025, the Bank's related party transactions of credit granting business totaled RMB76.276 billion. As of the end of 2025, the credit balance of all related party transactions was RMB31.532 billion. According to paragraph 3 in Article 16 of the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the credit balances between the Bank and related parties are not included in the statistics when calculating the proportion of credit balance between the Bank and related parties. After deducting the credit balance of CITIC Bank of RMB4.379 billion, the credit balance of the related party is RMB27.153 billion, accounting for 7.1% of the Bank's net capital at the end of 2025. The Bank's credit balance to a single related party does not exceed 10% of the Bank's net capital at the end of 2025, the total credit balance to the group of a single related party does not exceed 15% of the Bank's net capital at the end of 2025, and the Bank's credit balance to all related parties does not exceed 50% of the Bank's net capital at the end of 2025, which meets the relevant regulatory ratio requirements.

Related party transaction of non-credit granting business.

In 2025, the cumulative amount of non-credit related party transactions of the Bank was RMB35.026 billion, including RMB1.204 billion in service-related related party transactions, RMB368 million in asset transfer related party transactions, and RMB33.454 billion in deposits and other related party transactions.

Substantial Related Party Transactions

On 18 March 2025, the Bank signed a Forfeiting Business (Applicable to Domestic Letter of Credit) and Commercial Draft Discount Credit Limit Contract with State Grid Huitong Jincai (Beijing) Information Technology Co., Ltd. Under the contract, the maximum credit limit is RMB10 billion, inclusive of commercial draft discount limit and domestic letter of credit forfeiting limit, effective until 28 November 2026.

On 28 November 2025, the Bank signed a Supplemental Agreement on RMB Unit Agreement Deposit Contract with China Life Insurance Company Limited, increasing the agreed deposit limit under the original contract from RMB6 billion to RMB10 billion.

NPL Balance of Related Party Transactions

By the end of 2025, there were no NPL regarding related party transactions.

Penalties on the Commercial Bank, its Directors, Supervisors and Senior Executives by Relevant Regulatory and Judiciary Authorities

During the reporting period, the Bank was not under investigation for alleged criminal activities and did not receive any significant administrative penalties from other relevant authorities that would have a major impact on its operations. Based on the information available to the Bank, there are no Directors, Supervisors or Senior Management of the Bank who are suspected of crimes and have been subjected to coercive measures according to law, nor are there any Directors, Supervisors, or Senior Management of the Bank who are suspected of serious violations of discipline or law, or duty-related crimes and have been placed under disciplinary measures by the disciplinary and supervisory authorities, which would affect their performance of duties. There are also no Directors, Supervisors, or Senior Management of the Bank who have been subjected to coercive measures by other competent authorities due to suspected violations of laws or regulations, which would affect their performance of duties.

Engagement and Dismissal of Accounting Firms

Pursuant to the resolution adopted in the 2024 Annual General Meeting of Shareholders of the Bank, the Bank appointed BDO CHINA Shu Lun Pan Certified Public Accountants LLP as the Bank's 2025 external auditor to audit the Bank and issue an audit report in accordance with the 2025 financial statements prepared in the light of the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards respectively. The term of office expires at the end of the 2025 Annual General Meeting of Shareholders, and the remuneration is RMB4.13 million. At the same time, BDO CHINA Shu Lun Pan Certified Public Accountants LLP served as the Bank's external auditor for internal control in 2025, with an audit fee for internal control of RMB980,000.

Other Significant Events

During the reporting period, the regulatory authorities approved the amendments to the Articles of Association of the Bank. Pursuant to the Articles of Association, the Bank ceased to establish the Board of Supervisors, and the Audit Committee under the Board shall exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law of the People's Republic of China and the supervisory system.

Changes in Shareholding and Shareholders' Profile

Changes in Shareholding

Unit: Share

Nature of shares	Before changes during the year	Shareholding (%)	Changes during the year increase (decrease)	After changes during the year	Shareholding (%)
Shares held by the State	1,190,332,406	5.463	–	1,190,332,406	5.463
Shares held by State – owned legal entities	19,624,696,362	90.063	856,952	19,625,553,314	90.067
Shares held by individuals	1,648,840	0.008	–	1,648,840	0.008
Shares held by other domestic investors	973,183,103	4.466	(856,952)	972,326,151	4.462
Total	21,789,860,711	100.000	–	21,789,860,711	100.000

Number of Shareholders and Shareholdings

As at the end of 2025, there were a total of 451 corporate shareholders and 1,293 natural-person shareholders in the Bank, holding 21,789,860,711 shares.

Pledged and Frozen Shares

As at the end of 2025, there were no pledged or frozen shares held by major shareholders of the Bank. There were 7 shareholders (whose shares accounted for 1.51% of the total share capital) of the Bank involved in judicial freezing of pledged equity, and 1 shareholder (whose shares accounted for 1.02% of the total share capital) of the Bank involved in judicial auction of pledged equity.

Shareholdings of Top 10 Shareholders at the End of the Reporting Period

Unit: Share

Name of shareholders	Increase/decrease during the reporting period	Shares held	Shareholding (%)
China Life Insurance Company Limited	–	9,519,210,262	43.686
CITIC Trust Co., Ltd.	–	3,080,479,452	14.137
State Grid Yingda International Holdings Co., Ltd.	–	1,943,533,352	8.919
Jiangxi Communications Investment Group Co., Ltd.	–	1,783,343,771	8.184
Ministry of Finance of the People's Republic of China	–	1,136,946,100	5.218
AVIC Investment Holding Co., Ltd.	–	762,469,249	3.499
Guangzhou City Construction Investment Group Co., Ltd.	–	744,013,552	3.414
Jiangsu Suzhou Steel Group Co., Ltd.	–	222,777,231	1.022
Hunan Xiangjiang New Area Development Group Co., Ltd.	–	217,898,607	1.000
Guangdong Yuecai Asset Management Co., Ltd.	2,099,341	212,099,341	0.973
Total	2,099,341	19,622,770,917	90.052

- Notes:
- At the end of the reporting period, China Life Insurance Company Limited exerted significant influence over AVIC Investment Holding Co., Ltd., thereby constituting a related party relationship.
 - At the end of the reporting period, State Grid Yingda International Holdings Group Co., Ltd. and State Grid Shanghai Municipal Electric Power Company were both under the control of State Grid Corporation of China, thereby constituting a related party relationship. "State Grid Shanghai Municipal Electric Power Company" held 0.099% shares in the Bank. In January 2026, State Grid Shanghai Municipal Electric Power Company transferred all of its shares of the Bank to State Grid Yingda International Holdings Group Co., Ltd. As of the disclosure date of the annual report, State Grid Yingda International Holdings Group Co., Ltd. held 1,965,104,250 shares of the Bank, accounting for 9.018% of the total shares.
 - At the end of the reporting period, Guangdong Yuecai Asset Management Co., Ltd. was a subsidiary of Guangdong Yuecai Investment Holdings Co., Ltd., the latter held 0.495% shares in the Bank.
 - Apart from the aforementioned situations, the Bank is not aware of any related party relationship or concerted action relationship among the shareholders mentioned above.

Introduction of Major Shareholders Holding 5% or More

During the reporting period, the Bank had no controlling shareholder or actual controller.

China Life Insurance Company Limited

China Life Insurance Company Limited was incorporated in Beijing, China on 30 June 2003 in accordance with the Company Law and the Insurance Law of the People's Republic of China. It was successfully listed overseas in December 2003 and returned to the domestic market as an A-share listed company in January 2007. The registered capital of China Life Insurance Company Limited is RMB28.265 billion and its legal representative is Li Mingguang. China Life Insurance Company Limited is a leading life insurance company in China and possesses an extensive distribution network comprising exclusive agents, direct sales representatives, and dedicated and non-dedicated agencies. Besides, the China Life Insurance Company Limited is one of the largest institutional investors in China, and becomes one of the largest insurance asset management companies in China through its controlling shareholding in China Life Asset Management Company Limited. The China Life Insurance Company Limited also has controlling shareholding in China Life Pension Company Limited.

The controlling shareholder and the final beneficiary of China Life Insurance Company Limited is China Life Insurance (Group) Company, and the actual controller is the Ministry of Finance of the People's Republic of China. Its major related parties include China Life Asset Management Company Limited, China Life Pension Company Limited, China Life AMP Asset Management Co., Ltd., China Life Property and Casualty Insurance Company Limited and China Life Investment Management Company Limited. As of the end of 2025, China Life Insurance Company Limited held 9,519,210,262 shares of the Bank, accounting for 43.686% of the total shares. Its related party, AVIC Investment Holdings Co., Ltd., holds 762,469,249 shares of the Bank, accounting for 3.499% of the total shares. There is no concerted action relationship between China Life Insurance Company Limited and other shareholders of the Bank.

CITIC Trust Co., Ltd.

Established on 1 March 1988, CITIC Trust Co., Ltd. is a national non-banking financial institution focusing on trust business, an important member of CITIC Group, and one of the leading players in China's trust industry in terms of comprehensive operation strength. Its registered capital is RMB11.276 billion and its legal representative is Lv Tianguai.

The controlling shareholder of CITIC Trust Co., Ltd. is CITIC Financial Holdings Co., Ltd., the actual controller and the final beneficiary is CITIC Group Corporation. The major related parties included CITIC Financial Holdings Co., Ltd., CITIC Corporation Limited, CITIC Limited, CITIC Juxin (Beijing) Capital Management Co., Ltd., CITIC Xinhui International Capital Co., Ltd. As of the end of 2025, CITIC Trust Co., Ltd. held 3,080,479,452 shares of the Bank, accounting for 14.137% of the total shares. There is no related party relationship or concerted action relationship between CITIC Trust Co., Ltd. and other shareholders of the Bank.

State Grid Yingda International Holdings Co., Ltd.

State Grid Yingda International Holdings Co., Ltd. was established in December 2010, with a registered capital of RMB108.112 billion. Its legal representative is Yu Huajun. It is a wholly-owned subsidiary and a financial asset investment management platform of State Grid Corporation, fulfilling the responsibilities of investor and business management for financial units. Under the strong leadership of the Party Committee of State Grid Corporation, State Grid Yingda International Holdings Co., Ltd. adheres to the positioning of financial business, being deeply rooted in the main business, serving the real economy, strengthening the industrial development with finance and creating value, and goes out on a road of development with the integration of industry and finance with the characteristics of State Grid. At present, State Grid Yingda International Holdings Co., Ltd. holds financial company, property insurance, life insurance, insurance broker, insurance asset management, trust, securities, public fund, industrial fund, financial leasing, factoring, investment, carbon finance and other financial or quasi-financial licenses.

The controlling shareholder of the State Grid Yingda International Holdings Co., Ltd. is State Grid Corporation of China and the actual controller and the final beneficiary is the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, and major related parties include State Grid Yingda Co., Ltd., China Power Financial Co., Ltd., Yingda Taihe Property Insurance Co., Ltd., Yingda Taihe Life Insurance Co., Ltd., Yingda Chang'an Insurance Brokers Co., Ltd., and State Grid International Leasing Co., Ltd. As of the end of 2025, State Grid Yingda International Holdings Co., Ltd. held 1,943,533,352 shares of the Bank, accounting for 8.919% of the total shares. Its related party, State Grid Shanghai Municipal Electric Power Company, holds 21,570,898 shares of the Bank, accounting for 0.099% of the total shares. State Grid Yingda International Holdings Co., Ltd. has no concerted action relationship with other shareholders of the Bank. In January 2026, State Grid Shanghai Municipal Electric Power Company transferred all of its shares of the Bank to State Grid Yingda International Holdings Group Co., Ltd. As of the disclosure date of the annual report, State Grid Yingda International Holdings Group Co., Ltd. held 1,965,104,250 shares of the Bank, accounting for 9.018% of the total shares.

Changes in Shareholding and Shareholders' Profile

Jiangxi Communications Investment Group Co., Ltd.

Jiangxi Communications Investment Group Co., Ltd. was established on 28 November 2009, with a registered capital of RMB9.505 billion and the legal representative of Xie Jianfa. The group has a total of 16 wholly-owned and controlled subsidiaries (including 1 listed company), 11 road-section management centers, 13 shareholding subsidiaries, with subordinate entities reaching 863. Its corporate credit is rated as AAA, and it has ranked among Top 500 enterprises in China's service industry for several consecutive years. It operates and manages 5,914 km expressway, accounting for 84% of the total traffic mileage of the province, and has authority over 324 toll stations, 74 maintenance stations, and 107 pairs of service areas. Its principal business comprises investment, construction and operation of transportation infrastructure, comprehensive development and operation of transportation-related resources, financial investment, smart transportation and clean energy (core business under development). The controlling shareholder, the actual controller and the final beneficiary of Jiangxi Communications Investment Group Co., Ltd. is State-owned Assets Supervision and Administration Commission of Jiangxi Province, and the major related parties include Jiangxi Highway Development Co., Ltd., Jiangxi Ganyue Expressway Co., Ltd., Jiangxi Transportation Engineering Group Co., Ltd., Jiangxi Changxing Expressway Service Area Development and Management Co., Ltd., Jiangxi Communications Design and Research Institute Co., Ltd., Jiangxi Transport Investment Consulting Group Co., Ltd., Jiangxi Communications Investment Group Finance Co., Ltd., Jiangxi Communications Investment New Energy Group Co., Ltd., Jiangxi Communications Investment Maintenance Technology Group Co., Ltd., Jiangxi Communications Investment Digital Intelligence Technology Co., Ltd. As of the end of 2025, Jiangxi Communications Investment Group Co., Ltd. held 1,783,343,771 shares of the Bank, accounting for 8.184% of the total shares. Jiangxi Communications Investment Group Co., Ltd. has no related party relationship or concerted action relationship with other shareholders of the Bank.

Ministry of Finance of the People's Republic of China

The Ministry of Finance of the People's Republic of China was founded in October 1949. As a department of the State Council in China, it is in charge of fiscal revenue and expenditure, tax policy formulation, financial supervision and other matters. The Minister is Lan Fo'an. The Ministry of Finance implements the guidelines, policies, decisions and arrangements of the CPC Central Committee on financial and economic work, and upholds and strengthens the Party's centralized and unified leadership over financial work in the process of performing its duties.

As of the end of 2025, the Ministry of Finance of the People's Republic of China held 1,136,946,100 shares of the Bank, accounting for 5.218% of the total shares. According to the Administrative Measures for Related Party Transactions of Banking and Insurance Institutions, the national administrative organs and government departments do not apply the supervision provisions on the management of related parties.

Introduction of Other Major Shareholders Required to be Disclosed Pursuant to the Interim Measures for Equity Management of Commercial Banks

Guangzhou City Construction Investment Group Co., Ltd.

Guangzhou City Construction Investment Group Co., Ltd. was established in December 2008 with a registered capital of RMB17.524 billion. It is a large state-owned enterprise specializing in urban infrastructure investment, financing, construction, operation and management. The controlling shareholder, actual controller, and final beneficiary of Guangzhou City Construction Investment Group Co., Ltd. is the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal Government. Its major related parties include Guangzhou Industrial Investment Fund Management Co., Ltd., Guangzhou Tower Tourism Culture Development Co., Ltd., Guangzhou Restaurant Group Co., Ltd., and Guangzhou Pearl River Piano Group Co., Ltd., etc. As of the end of 2025, Guangzhou City Construction Investment Group Co., Ltd. held 744,013,552 shares of the Bank, accounting for 3.414% of the total shares, and nominated one Director to the Bank. There are no related party relationship or concerted action relationship between Guangzhou City Construction Investment Group Co., Ltd. and other shareholders of the Bank.

Shantou Investment Holdings Group Co., Ltd.

Shantou Investment Holdings Group Co., Ltd. was established in August 2018 with a registered capital of RMB322 million. The controlling shareholder, actual controller, and final beneficiary of Shantou Investment Holdings Group Co., Ltd. is the State-owned Assets Supervision and Administration Commission of People's Government of Shantou City. Its major related parties include Shantou City Construction Development Co., Ltd., Shantou Energy Investment Co., Ltd., and Shantou Water Investment Co., Ltd., etc. As of the end of 2025, Shantou Investment Holdings Group Co., Ltd. held 23,323,753 shares of the Bank, accounting for 0.107% of the total shares. Its related party, Shantou Heng Yi Shun Bidding and Procurement Service Co., Ltd., holds 1,795,997 shares of the Bank, accounting for 0.008% of the total shares. Shantou Investment Holdings Group Co., Ltd. has no concerted action relationship with other shareholders of the Bank.

From 1 January to 22 December 2025, Shantou Investment Holdings Group Co., Ltd. and its related parties held 0.115% shares in the Bank, with the shareholding less than 5%. However, as it appointed a supervisor to the Bank, it was managed as a substantial shareholder in accordance with the relevant requirements of the Interim Measures for Equity Management of Commercial Banks. On 22 December 2025, the National Financial Regulatory Administration approved the amendment to the Articles of Association of the Bank. Since then, the Bank ceased to establish the Board of Supervisors according to the Articles of Association. Therefore, Shantou Investment Holdings Group Co., Ltd. ceased to be a substantial shareholder of the Bank since 22 December 2025.

Directors, Senior Executives and Employees

Directors, Supervisors and Senior Executives

Incumbent Directors and Senior Executives

Name	Title	Gender	Age	Appointment date	Total remuneration paid by the Bank (RMB'000)				Whether they have received compensation from a shareholder entity or any other related parties
					Remuneration/ Allowances (Before Tax) (1)	Employer's contributions to social insurance, housing provident fund, enterprise annuity, and supplementary medical insurance (2)	Other monetary income (3)	Total before-tax amount (4)=(1)+(2)+(3)	
Cai Xiliang	Director and Chairman of the Board of Directors	Male	59	2025/05/23	–	–	–	–	Yes
Lin Zhaohui	Director, Vice Chairman and President	Male	51	2026/01/30	–	–	–	–	Yes
Lin Xuebing	Director	Female	54	2025/06/26	–	–	–	–	Yes
Wang Bing	Director	Male	59	To be approved by regulatory authorities	157.04	34.37	–	191.41	No
Liu Hui	Director	Female	55	2024/01/25	–	–	–	–	Yes
Dai Jiakai	Director	Male	53	To be approved by regulatory authorities	–	–	–	–	Yes
Yang Dongwei	Director	Male	55	2021/04/02	–	–	–	–	Yes
Xu Yuehong	Director	Male	47	2024/01/25	–	–	–	–	Yes
Zhang Linfu	Director	Male	50	2024/05/20	–	–	–	–	Yes
Chen Shimin	Independent Director	Male	67	2021/01/08	40.50	–	–	40.50	No
Zhao Xudong	Independent Director	Male	66	2020/09/29	40.00	–	–	40.00	No
Wang Xi	Independent Director	Male	55	2023/03/13	40.65	–	–	40.65	No
Li Defeng	Independent Director	Male	53	2025/08/27	13.36	–	–	13.36	No
Luo Yubing	Deputy Secretary of the CPC Committee	Male	56	2019/10/10	179.41	33.85	–	213.26	No
Lin Deming	Vice President	Male	58	2021/06/07	157.29	30.79	–	188.08	No
Li Xiaoshui	Vice President and Secretary to the Board of Directors	Male	50	2024/03/29 (Vice President) 2026/03/19 (Secretary to the Board of Directors)	157.21	32.25	–	189.46	No
Li Bing	Vice President and Chief Compliance Officer	Male	50	2024/06/24 (Vice President) 2026/03/03 (Chief Compliance Officer)	156.90	28.57	–	185.47	No
Yang Lin	Secretary of the Discipline Committee	Male	54	2024/09/04	156.46	27.50	–	183.96	No
Zhang Kai	Vice President	Male	54	2025/06/18	78.23	13.19	–	91.42	No
Li Huaigen	Chief Operation Officer	Male	54	2026/04/28	140.46	27.22	–	167.68	No
Jin Qian	Assistant to President	Female	52	2026/04/28	140.46	27.26	–	167.72	No

- Notes:
1. Cai Xiliang, Lin Zhaohui, Lin Xuebing, Liu Hui, Dai Jiakai, Yang Dongwei, Xu Yuehong, Zhang Linfu and other directors do not receive remuneration from the Bank. Mr. Wang Bing's qualification as a director of the Bank is to be approved by regulatory authorities. He does not receive director's allowances from the Bank, but receives remuneration based on his positions as a member of the CPC Committee of the Bank and also the Secretary of the CPC Committee and Chairman of CGB Wealth Management Co., Ltd.
 2. Four directors including Cai Xiliang, Lin Zhaohui, Wang Bing and Liu Hui were nominated by China Life Insurance Company Limited, the director of Lin Xuebing was nominated by the Ministry of Finance of the People's Republic of China, the director of Dai Jiakai was nominated by CITIC Trust Co., Ltd., the director of Yang Dongwei was nominated by State Grid Yingda International Holdings Co., Ltd., the director of Xu Yuehong was nominated by Jiangxi Communications Investment Group Co., Ltd., and the director of Zhang Linfu was nominated by Guangzhou City Construction Investment Group Co., Ltd.
 3. The final compensation for the year 2025 is currently being confirmed, and the remaining details will be disclosed once confirmed.

Directors, Senior Executives and Employees

Retired Directors, Supervisors and Senior Executives during the Reporting Period and as of the Disclosure Date of the Annual Report

Name	Title	Gender	Age	Appointment date	Total remuneration paid by the Bank (RMB'000)				Whether they have received compensation from a shareholder entity or any other related parties
					Remuneration/ Allowances (Before Tax) (1)	Employer's contributions to social insurance, housing provident fund, enterprise annuity, and supplementary medical insurance (2)	Other monetary income (3)	Total before-tax amount (4)=(1)+(2)+(3)	
Bai Tao	Former Director and Chairman of the Board of Directors	Male	62	2022/05/20-2025/03/10	–	–	–	–	Yes
Wang Kai	Former Director, Vice Chairman and President	Male	53	2021/05/17-2025/09/28 (Director and Vice Chairman) 2021/05/17-2025/10/28 (President)	–	–	–	–	Yes
Yu Shengquan	Former Director	Male	60	2024/05/20-2025/04/30	–	–	–	–	Yes
Li Guangxin	Former Secretary to the Board of Directors	Male	54	2019/09/06-2025/04/28	39.45	7.66	–	47.11	No
Luo Yubing	Former Employee Supervisor and Former Chairman of the Board of Supervisors	Male	56	2020/10/16-2025/12/22 (Employee Supervisor) 2020/11/16-2025/12/22 (Chairman of the Board of Supervisors)	179.41	33.85	–	213.26	No
Lu Zeyuan	Former Shareholder Supervisor	Female	53	2023/06/20-2025/12/22	33.08	–	–	33.08	Yes
Li Weiji	Former External Supervisor	Male	44	2020/06/23-2025/12/22	31.02	–	–	31.02	No
Tan Youchao	Former External Supervisor	Male	42	2023/06/20-2025/12/22	30.02	–	–	30.02	No
Pan Hua	Former Employee Supervisor	Female	53	2022/12/20-2025/12/22	111.50	23.56	–	135.06	No
Guan Tiejun	Former Employee Supervisor	Female	54	2023/06/20-2025/12/22	120.90	24.27	–	145.17	No
Guo Yunzhao	Former Independent Director	Male	59	2020/09/29-2026/04/17	41.35	–	–	41.35	No
Li Huaigen	Former Chief Information Officer	Male	54	2024/03/25-2026/04/28	140.46	27.22	–	167.68	No
Jin Qian	Former Chief Credit Officer	Female	52	2024/03/25-2026/04/28	140.46	27.26	–	167.72	No

Note: During the reporting period, Mr. Bai Tao, Mr. Wang Kai and Mr. Yu Shengquan did not receive any remuneration from the Bank.

Main Working Experience and Positions of Directors and Senior Executives



Mr. **Cai Xiliang**

Mr. Cai holds a Master's degree in Economics.

Mr. Cai currently serves as the Director and Chairman of the Bank, Secretary of the CPC Committee and Chairman of China Life Insurance (Group) Company, Executive Director and Chairman of China Life Insurance Company Limited.

Mr. Cai served as the Deputy Secretary of the CPC Committee, the Vice Chairman and President of China Life Insurance (Group) Company, Chairman of each of China Life Asset Management Company Limited and China Life Property and Casualty Insurance Company Limited, Deputy Secretary of the CPC Committee, the Vice Chairman and the General Manager of China Export & Credit Insurance Corporation, and a member of the CPC Committee and the Deputy General Manager of CITIC Group Corporation.



Mr. **Lin Zhaohui**

Mr. Lin holds a Master's degree in law and is a Senior Economist.

Mr. Lin currently serves as the Secretary of the CPC Committee, Director, Vice Chairman and President of the Bank, Member of the CPC Committee and Vice President of China Life Insurance (Group) Company, and Chairman of China Life Insurance (Overseas) Company Limited.

Mr. Lin served as the Director of the Office (CPC Committee Office), and Secretary of the CPC Committee and President of Beijing Branch of China Construction Bank Corporation.



Ms. **Lin Xuebing**

Ms. Lin holds a Master's degree in Economics.

Ms. Lin currently serves as the Director of the Bank.

Ms. Lin served as a Level II Inspector of the Tax Policy Department of the Ministry of Finance, the Counselor and a Level II Inspector at the Chinese Embassy in France; Deputy Inspector of the Tax Policy Department of the Ministry of Finance; and Director of the Value-Added Tax Division, Circulation Tax Division, and International Tax Coordination Division of the Tax Policy Department of the Ministry of Finance.

Directors, Senior Executives and Employees



Mr. **Wang Bing**

Mr. Wang holds a Master's degree in Engineering and is a Senior Engineer.

Mr. Wang currently serves as the Member of the CPC Committee and Director (proposed) of the Bank; Secretary of the CPC Committee and Chairman of CGB Wealth Management Co., Ltd.

Mr. Wang served as an officer, chief officer, deputy director of the Operations Division of the Technology Department at the Head Office of Industrial and Commercial Bank of China (ICBC), as well as deputy director, deputy director (in charge), and director of the Systems Division; member of the CPC Committee and Deputy General Manager of the ICBC Data Center (Beijing); member of the CPC Committee, Chief Information Technology Officer, and Deputy President of China Guangfa Bank.



Ms. **Liu Hui**

Ms. Liu holds an MBA Degree and is a Senior Economist.

Ms. Liu currently serves as Director of the Bank and is a member of the CPC Committee, Executive Director, Vice President, Secretary of the Board, and Chief Investment Officer of China Life Insurance Company Limited, Director of China Life Asset Management Company Limited and Director of China Life Franklin Asset Management Co., Limited.

Ms. Liu served as member of the CPC Committee, Executive Director, and Vice President at China Life Investment Management Company Limited, Chairman and President at China Life Capital Investment Company Limited and the Secretary of the CPC Committee, Executive Director and President at China Life Real Estate Investment and Management Company Limited.



Mr. **Dai Jiakai**

Mr. Dai holds an MBA Degree and is a Senior Economist.

Mr. Dai currently serves as a Director (proposed) of the Bank, and Member of CPC Committee and Deputy General Manager of CITIC Trust Co., Ltd.

Mr. Dai joined the workforce in July 1992 and began his career at the Beijing Grain Bureau. In November 1993, he joined CITIC Trust Co., Ltd., where he successively served as Deputy General Manager of a department, General Manager of a department, Chief Financial Officer, and Board Secretary. He was appointed as Deputy General Manager of CITIC Trust Co., Ltd. in September 2018.



Mr. Yang Dongwei

Mr. Yang holds a PhD in Engineering and is a Senior Accountant (Professor-Level), and an expert entitled to the special allowance from the State Council.

Mr. Yang currently serves as Director of the Bank, Chief Economist of State Grid Corporation of China, and vice chairman of the China Association for Public Companies.

Mr. Yang worked for Sanmenxia Electric Power Bureau in July 1992, successively assuming positions such as the Chief Accountant, Deputy Director, Member of the CPC Committee and Chief Accountant of Xuchang Electric Power Bureau, Director of Multi-operation Department of State Grid Henan Electric Power Company, Chairman and General Manager of Henan Electric Power Industry Group Limited, General Manager and Member of the CPC Committee of Sanmenxia Power Supply Corporation, Deputy Chief Economist of State Grid Henan Electric Power; Chief Accountant and Member of the CPC Committee of Luneng Group, Chief Accountant and Member of the CPC Committee of State Grid Shanghai Electric Power, Deputy Leader of Preparation Team of Yingda Commerce Service Co., Ltd.; Executive Director, General Manager and Deputy Secretary of the CPC Committee of State Grid E-commerce Corporation; Chairman and Secretary of the CPC Committee of State Grid E-commerce Corporation (State Grid Xiongan Financial Technology Group); Deputy Chief Economist of State Grid Corporation of China, Chairman and Secretary of the CPC Committee of State Grid Yingda International Holdings Group Ltd., and Chairman and Secretary of the CPC Committee of State Grid Yingda Co., Ltd.



Mr. Xu Yuehong

Mr. Xu holds a Master's degree in law, and is a Senior Economist.

Mr. Xu currently serves as Director of the Bank, Director of the Investment and Management Department of Jiangxi Communications Investment Group Co., Ltd. Additionally, he serves as Director of Jiangxi Communications Investment Group Finance Co., Ltd.

Mr. Xu served as the Manager of the Investment and Management Division at the Asset Operation Department of Jiangxi Expressway Investment Group Co., Ltd., Manager of the Investment and Development Department at Jiangxi Expressway Asset Management Co., Ltd., Chairman of Jiangxi Expressway Power Construction New Energy Co., Ltd., General Manager of Jiangxi CTTIC Network Technology Co., Ltd., Deputy General Manager of Jiangxi Expressway Real Estate Development Co., Ltd. and Executive Director of Jiangxi Communications Investment Private Equity Fund Management Company.



Mr. Zhang Linfu

Mr. Zhang holds an MBA Degree and is a Senior Accountant and Certified Public Accountant.

Mr. Zhang currently serves as Director of the Bank and member of the CPC Committee and Chief Accountant of Guangzhou City Construction Investment Group Co., Ltd.

Mr. Zhang served as the Manager of the Budget Analysis Division of the Finance Department, Director of the Supervision and Audit Department, Deputy Secretary of the Discipline Committee, Director of the Discipline Inspection and Supervision Department, Director of the Comprehensive Office of the Discipline Inspection and Supervision Commission, General Manager of the Legal Contracts Department, Chief Economist of Guangzhou Metro Group, and Chief Accountant of Guangzhou Water Investment Group Co., Ltd.

Directors, Senior Executives and Employees



Mr. **Chen Shimin**

Mr. Chen is a Professor and a Certified Management Accountant of the United States.

Mr. Chen currently serves as the Independent Director of the Bank, Professor in Accounting and Director of Case Center of China Europe International Business School and Independent Director of Yihai Kerry Arawana Holdings Co., Ltd.

Mr. Chen once assumed a Teacher of Shanghai University of Finance and Economics; Associate Professor and Professor in Accounting of the Clarion University of Pennsylvania; Associate Professor in Accounting of the University of Louisiana at Lafayette; Associate Professor in Accounting of Hong Kong Lingnan University; Associate Professor in Accounting and Deputy Director of School of Accounting and Finance of Hong Kong Polytechnic University.

Mr. Chen served as the Independent Director of Hangzhou Shunwang Science & Technology Co., Ltd., Zhejiang Wolwo Biotech Co., Ltd., Anxin Trust Co., Ltd., Lian Chu Securities Co., Ltd. and Advanced Micro-Fabrication Equipment Inc. China (Shanghai) (AMEC Shanghai), and External Supervisor of Postal Savings Bank of China and SPD Bank Co., Ltd.



Mr. **Zhao Xudong**

Mr. Zhao is a Professor and Doctoral Tutor.

Mr. Zhao currently serves as Independent Director of the Bank, Professor, Doctoral Tutor and Director of Commercial Law Research Center of China University of Political Science and Law, President of China Commercial Law Society, Member of Academic Committee of China Law Society, Vice President of Corporate Governance Research Society of China Behaviour Law Association; Independent Director of China National Uranium Co., Ltd., and Beixin Ruifeng Fund Management Co., Ltd.

Mr. Zhao served as the Deputy Director General of the Department of Civil Administrative Inspection of Supreme People's Procuratorate, Vice President of Civil, Commercial and Economic Law School of China University of Political Science and Law and Independent Director of iFLYTEK Co., Ltd. Since 1999, he was successively honored as the Outstanding Young and Middle-aged Jurist of Beijing City; Nationwide 3rd Outstanding Young and Middle-aged Jurist; Excellent Teacher of Beijing City; New Century Outstanding Talent of the Ministry of Education. He was selected into Famous Chinese Contemporary Jurist in 2005 and was selected as the specially appointed professor of Chang Jiang Scholars Program of the Ministry of Education in 2008. Besides, he was included into "Rule of Law in China – Top 100 Famous Jurists with Outstanding Contributions" in 2016 and was honored as the National Ten Thousand Talent Program-Famous Teacher in 2018.



Mr. **Wang Xi**

Mr. Wang is a Professor and Doctoral Tutor.

Mr. Wang currently serves as an Independent Director of the Bank, Director of the China Institute of Transition and Open Economy of Sun Yat-sen University, one of hundred economic research experts of the Monetary Policy Committee of the People's Bank of China, one of hundred economists of the Economic Prosperity Center of the National Bureau of Statistics, Deputy Secretary – General and Executive Director of the China Society of World Economics, Editorial Board Member of World Economy Magazine, and an Independent Director of Guangdong Nanhai Rural Commercial Bank, Guangdong South New Media Co., Ltd. and CNFinance Holdings Limited.

Mr. Wang served as the Deputy Director of Lingnan College of Sun Yat-sen University, the Financial Consultant of the Standing Committee of Guangdong Provincial People's Congress, the Deputy Secretary General of the China International Conference in Finance. He was evaluated as an Outstanding Talent in the New Century by the Ministry of Education, a Distinguished Professor of Pearl River Scholar in Guangdong Province, a leading talent in publicity and ideological work of "Guangdong Special Support Program", an Independent Director of BYHEALTH Co., Ltd. and Guangzhou Yuexiu Capital Holding Group Co., Ltd., and External Director of Guangzhou Public Transport Group Co., Ltd.



Mr. Li Defeng

Mr. Li is an Associate Professor and holds a PhD in Economics.

Mr. Li currently serves as an Independent Director of the Bank, Associate Professor and Master's Supervisor at the School of Finance at Central University of Finance and Economics, and the Director of the China Inclusive Finance Research Center at Central University of Finance and Economics. He also serves as an Independent Director for Qianhai Xingbang Financial Leasing Co., Ltd., and Zhangjiakou Rural Commercial Bank.

Mr. Li served as a Secretary in the Office of the Forestry Bureau of Heze Region, Shandong Province, and held positions as Deputy Secretary and Vice Dean at the School of Foreign Languages of Central University of Finance and Economics, and Deputy Secretary at the School of Finance of Central University of Finance and Economics. He also served as a Vice County Mayor in Ningyang County, Shandong Province. Additionally, he served as an Independent Director for multiple institutions, including Weifang Rural Commercial Bank, Sanya Rural Commercial Bank, Ningyang Rural Commercial Bank, Shandong Haihua Co., Ltd., Great Wall Glory Securities Co., Ltd., Shenwu Environmental Technology Co., Ltd., Guoren Property and Casualty Insurance Co., Ltd., Great China Soft Technology Co., Ltd. and Bosc Asset Management Co., Ltd., as well as an External Supervisor for Shinhan Bank.



Mr. Luo Yubing

Mr. Luo holds a PhD in Economics and is an Economist.

Mr. Luo currently serves as Deputy Secretary of the CPC Committee of the Bank.

Mr. Luo joined the People's Bank of China in August 1991, and consecutively served as Vice Director of General Office, Deputy Secretary of the CPC Committee and Vice President of Wuhan Branch, Secretary of the CPC Committee and President of Lanzhou Central Sub-branch of the People's Bank of China and Director of Gansu Branch of State Administration of Foreign Exchange. He also held positions as Secretary of the CPC Committee and Director of Anti-money Laundering Monitoring Center, Secretary of the CPC Committee and Director of Credit Reference Center of the People's Bank of China, and Deputy Secretary of the CPC Committee, Vice President, Deputy Secretary of the CPC Committee, Employee Supervisor and Chairman of the Board of Supervisors of CGB.



Mr. Lin Deming

Mr. Lin holds a Master's Degree in Finance.

Mr. Lin currently serves as Member of CPC Committee and the Vice President of the Bank.

Mr. Lin served in China Guangfa Bank successively as: Deputy Director and Director of Guangzhou Economic & Technological Development District Office, Deputy General Manager of Domestic Business Department of the Head Office, Secretary of the CPC Committee and President of Shaoguan Branch, General Manager of Business Department of the Head Office, General Manager of Credit Card Center, Secretary of the CPC Committee and General Manager of Credit Card Center, Assistant to President, and Secretary of the CPC Committee and General Manager of Credit Card Center of the Head Office.

Directors, Senior Executives and Employees



Mr. Li Xiaoshui

Mr. Li holds a Master's Degree in Finance and is an Economist.

Mr. Li currently serves as Member of the CPC Committee, Vice President, Secretary to the Board of Directors and Risk Responsible Person of the Bank.

Mr. Li successively served as a Teacher of Guangzhou University of Finance, Deputy Manager of Tianhe Sub-branch, Guangzhou Branch of China Guangfa Bank, Deputy Manager of General Office of Guangzhou Branch, employee of the Human Resource Department of Head Office, Deputy Manager of the General Office Department, Manager of the Credit Review Department, member of the CPC Committee and Vice President of Changsha Branch, Secretary of the CPC Committee and President of Foshan Branch, President of Zhongshan Branch, Director of the CPC Committee Office of Head Office, Head of the Publicity Department of the CPC Committee, General Manager of the Office and Assistant to President of Head Office.



Mr. Li Bing

Mr. Li holds a PhD in law.

Mr. Li currently serves as Member of the CPC Committee, the Vice President of the Bank and Chief Compliance Officer.

Mr. Li served as a Deputy Chief Officer in the Legal Department of the People's Insurance Company of China, Chief Officer in the Legal Department of the PICC Holding Company, General Manager of Legal Compliance Department of China Life Pension Company, General Manager of Risk Management Department/Internal Control Compliance Department and Compliance Officer at China Life Insurance (Group) Company.



Mr. Yang Lin

Mr. Yang holds a Bachelor's degree and is an Economist.

Mr. Yang currently serves as Secretary of Discipline Committee and member of the CPC Committee of the Bank.

Mr. Yang served as the Chief at the financial center of Shenyang Branch of China Life Insurance Company Limited; Supervisor of Supervision Department of Liaoning Branch of China Life Insurance Company Limited; Senior Manager of Inspection Office of Supervision Department of China Life Insurance Company Limited; Senior Manager of Inspection Work Division of Supervision Bureau of China Life Insurance (Group) Company; Discipline Inspector of the Discipline Inspection and Supervision Team of the Central Commission for Discipline Inspection and the State Supervision Commission in China Life Insurance (Group) Company (Level of Assistant General Manager of Department) and Director of the first office; as well as Deputy Head of the Discipline Inspection and Supervision Team of the Central Commission for Discipline Inspection and the State Supervision Commission in China Life Insurance (Group) Company.



Mr. Zhang Kai

Mr. Zhang holds a Master's degree in Economics and is an Economist.

Mr. Zhang currently serves as the member of the CPC Committee of the Bank and Vice President, and the General Manager and Compliance Officer of Credit Card Center.

Mr. Zhang served as the Deputy Director (deputy section level) of the Human Resources and Education Department and Secretary of the Youth League Committee of Tianjin Heping Sub-branch of China Construction Bank, Deputy Director (person in charge) of Xiaobailou Branch, Deputy Secretary of the Youth League Committee of Tianjin Branch, Vice President of Nankai Sub-branch, Secretary of Party General Branch, Vice President (person in charge) and President of Dongli Sub-branch, Secretary of the CPC Committee and President of Heping Sub-branch; Member of the CPC Committee and Vice President of Tianjin Branch of Ping An Bank; Secretary of the CPC Committee and President of Chengdu Branch of China Guangfa Bank, and General Manager of the Corporate Finance Department of the Head Office.



Mr. Li Huaigen

Mr. Li holds a Master's degree in Engineering, and is a Senior Engineer.

Mr. Li currently serves as the Chief Operation Officer of the Bank.

Mr. Li served as an Assistant Engineer at Guizhou Organic Chemical Plant, Deputy Chief and Chief at the Guangdong Branch of Industrial and Commercial Bank of China (ICBC), Temporary Head and Deputy General Manager (person in charge) of the Technology Department, Deputy General Manager (person in charge) of the Systems Department, General Manager of the Systems Department, General Manager of the Technology Department, General Manager of the Guangzhou Development Department No. 1 of the Software Development Center and an Expert in the information technology sequence at the Software Development Center of ICBC. He also was a Deputy General Manager (person in charge), Secretary of the CPC Committee and General Manager at the Research and Development Center of China Guangfa Bank, a General Manager of the Risk Management Department at the Head Office and the Chief Information Officer at the Head Office.



Ms. Jin Qian

Ms. Jin holds a Bachelor's degree in Economics, and is an Economist.

Ms. Jin currently serves as the Assistant to President of the Bank.

Ms. Jin served as Manager and Deputy General Manager of the Corporate Banking Department, Deputy General Manager and General Manager of the Strategic Customers Department, General Manager of Institutional Customers Department, General Manager of the Credit Management Department at the Head Office, General Manager of the Credit Approval Department at the Head Office, Secretary of the CPC Committee and General Manager of Credit Card Center and Chief Credit Officer at the Head Office of China Guangfa Bank.

Directors, Senior Executives and Employees

Shareholdings of Directors and Senior Executives

At the end of the reporting period, the Directors and Senior Executives of the Bank didn't hold any shares in the Bank.

Annual Remuneration and Incentives of Directors, Supervisors and Senior Executives

Executive Directors and Employee Supervisors receive remuneration according to their management positions in the Bank, determined based on their annual performance evaluations, and do not receive additional remuneration as Directors or Supervisors. The Chairman and Vice Chairman of the Bank who concurrently serve as heads of central enterprises do not receive remuneration from the Bank.

The non-executive equity directors of the Bank do not receive remuneration from the Bank.

The remuneration of Independent Directors and Non-employee Supervisors of the Bank is verified and paid respectively in accordance with the Allowance System for Independent Directors of China Guangfa Bank Co., Ltd. and the Allowance System for Non-employee Supervisors of China Guangfa Bank Co., Ltd. The specific standards are as follows:

The allowance of the Bank's Independent Directors and Non-employee Supervisors comprises four parts, i.e. basic allowance, special committee allowance, conference fee and research subsidy: (1) basic allowance refers to the basic remuneration paid to Independent Directors and Non-employee Supervisors for their participation in the Board of Directors and the Board of Supervisors. The basic allowance for Director is RMB200,000/person/year and that for Supervisor is RMB160,000/person/year; (2) special committee allowance refers to the duty allowance paid to Independent Directors and Non-employee Supervisors for their participation in special committees. The committee allowance for ordinary member of the Board of Directors is RMB35,000/person/year and that for principal member is RMB50,000/person/year; the committee allowance for ordinary member of the Board of Supervisors is RMB28,000/person/year and that for principal member is RMB40,000/person/year. Committee allowances payable to Independent Directors and Non-employee Supervisors who participate in various committees are paid based on the cumulative number of committees that they are working in; (3) conference fee is a subsidy for any Independent Directors or Non-employee Supervisor to participate in or attend any general meetings, and on-site meetings of the Board of Directors, the Board of Supervisors, and their special committees (including teleconferences and video conferences) and the standard rate is RMB5,000/person/time; (4) research subsidy is a subsidy for Independent Directors and Non-employee Supervisors to participate in work inspections, research, training sessions and activities related to the performance of duties as organized by the Bank and relevant organizations, and the standard rate is RMB5,000/person/time.

The remuneration received by members of the Bank's Nomination and Remuneration Committee under the Board of Directors during the reporting period is set out in "Directors, Supervisors and Senior Executives". For the composition of the Nomination and Remuneration Committee under the 10th session of the Board of Directors, please refer to "Special Committees under the Board of Directors".

The Bank has taken out liability insurance for Directors, Supervisors and Senior Executives.

No incentive options have been granted to Directors, Supervisors and Senior Executives by the Bank.

Changes in Directors, Supervisors and Senior Executives

Directors

On 4 March 2025, the Bank held the First Extraordinary General Meeting of Shareholders for 2025 and elected Mr. Tian Mingming as a Director of the 10th session of the Board of Directors, pending regulatory approval of his qualification. Mr. Tu Yikai ceased to serve as a proposed Director of the 10th session of the Board of Directors. Additionally, Mr. Li Defeng was elected as an Independent Director of the 10th session of the Board of Directors.

On 10 March 2025, Mr. Bai Tao resigned from his positions as Director and Chairman of the 10th session of the Board of Directors of the Bank due to job change.

On 8 April 2025, Mr. Tian Mingming resigned from his positions as a proposed Director and a member of the Risk Management Committee of the Board of Directors of the Bank due to job change.

On 28 April 2025, the Bank held the Second Extraordinary General Meeting of Shareholders for 2025 and elected Mr. Cai Xiliang and Ms. Lin Xuebing as Directors of the 10th session of the Board of Directors. On the same day, the 16th meeting of the 10th session of the Board of Directors was held on which Mr. Cai Xiliang was elected as Chairman of the 10th session of the Board of Directors.

On 30 April 2025, Mr. Yu Shengquan resigned from his positions as Director of the 10th session of the Board of Directors and a member of the special committee of the Board of Directors of the Bank upon reaching mandatory retirement age.

On 23 May 2025, the National Financial Regulatory Administration approved the qualification of Mr. Cai Xiliang as Director and Chairman of the Bank.

On 9 June 2025, the National Financial Regulatory Administration approved the qualification of Ms. Lin Xuebing as Director of the Bank.

On 27 August 2025, the National Financial Regulatory Administration approved the qualification of Mr. Li Defeng as Independent Director of the Bank.

On 23 September 2025, the Bank held the Third Extraordinary General Meeting of Shareholders for 2025 and elected Mr. Dai Jiakai as a Director of the 10th session of the Board of Directors, pending regulatory approval of his qualification.

On 28 September 2025, Mr. Wang Kai resigned from his positions as Director, Vice Chairman and principal member of the Strategy/Consumer Rights Protection Committee under the Board of the Bank due to adjustments in the Group's organizational structure.

On 25 November 2025, the Bank held the Fourth Extraordinary General Meeting of Shareholders for 2025 and elected Mr. Lin Zhaohui as Director of the 10th session of the Board of Directors. On the same day, the 21st meeting of the 10th session of the Board of Directors was held on which Mr. Lin Zhaohui was elected as Vice Chairman of the 10th session of the Board of Directors.

On 30 January 2026, the National Financial Regulatory Administration approved the qualification of Mr. Lin Zhaohui as Director, Vice Chairman and President of the Bank.

On 17 April 2026, Mr. Guo Yunzhao resigned from his positions as Independent Director of the 10th session of Board of Directors, Chairman of the Nomination and Remuneration Committee, member of the Strategy/Consumer Rights Protection Committee, and member of the Audit Committee of the Bank due to personal reasons.

Supervisors

On 22 December 2025, the National Financial Regulatory Administration approved the plan of amendments to the Bank's Articles of Association. Effective from that date, the Bank shall no longer establish the Board of Supervisors in accordance with its Articles of Association. Mr. Luo Yubing, Ms. Lu Zeyuan, Mr. Li Weiyi, Mr. Tan Youchao, Ms. Pan Hua and Ms. Guan Tiejun shall cease to serve as Supervisors of the Bank or hold related positions on the Board of Supervisors.

Senior Executives

On 28 April 2025, Mr. Li Guangxin resigned from his position as the Secretary to the Board of Directors of the Bank due to job change. The 16th meeting of the 10th session of the Board of Directors of the Bank reviewed and approved his resignation.

On 28 April 2025, the 16th meeting of the 10th session of the Board of Directors appointed Mr. Zhang Kai as the Vice President of the Bank.

On 18 June 2025, the National Financial Regulatory Administration approved the qualification of Mr. Zhang Kai as Vice President of the Bank.

On 7 July 2025, Mr. Zhang Kai ceased to serve concurrently as the General Manager of the Corporate Finance Department of the Head Office of the Bank.

On 4 September 2025, Ms. Jin Qian ceased to serve as both the Secretary of the CPC Committee and General Manager of the Bank's Credit Card Center.

On 28 September 2025, Mr. Wang Kai submitted his resignation as President of the Bank due to adjustments in the Group's organizational structure.

On 28 October 2025, the 20th meeting of the 10th session of the Board of Directors approved Mr. Wang Kai's resignation as President of the Bank and appointed Mr. Lin Zhaohui as President of the Bank, designating him to perform the duties of President, pending regulatory approval of his qualification.

On 28 October 2025, the 20th meeting of the 10th session of the Board of Directors appointed Mr. Li Xiaoshui as the Secretary to the Board of Directors of the Bank.

On 25 November 2025, the 21st meeting of the 10th session of the Board of Directors appointed Mr. Li Bing as the Chief Compliance Officer of the Bank.

On 30 January 2026, the National Financial Regulatory Administration approved the qualification of Mr. Lin Zhaohui as Director, Vice Chairman and President of the Bank.

On 28 February 2026, Mr. Zhang Kai was concurrently appointed as General Manager and Compliance Officer of the Bank's Credit Card Center.

On 3 March 2026, the National Financial Regulatory Administration approved the qualification of Mr. Li Bing as the Chief Compliance Officer of the Bank.

On 19 March 2026, the National Financial Regulatory Administration approved the qualification of Mr. Li Xiaoshui as the Secretary to the Board of Directors of the Bank.

On 28 April 2026, the 24th meeting of the 10th session of the Board of Directors appointed Mr. Li Huaigen as the Chief Operation Officer of the Bank and Mr. Li Huaigen ceased to serve as the Chief Information Officer of the Bank.

On 28 April 2026, the 24th meeting of the 10th session of the Board of Directors appointed Ms. Jin Qian as the Assistant to President of the Bank and Ms. Jin Qian ceased to serve as the Chief Credit Officer of the Bank.

Employees

At the end of 2025, the number of contract employees of the Bank (including Credit Card Center) was 33,560, representing a decrease of 1,586 employees over the beginning of the year. Employees with doctoral or master degrees accounted for 16.23%, those with bachelor's degrees 75.94%, junior college degrees 7.07% and employees with other educational qualifications 0.76%. Employees aged 35 or below accounted for 41.44%, those aged between 36 and 45 accounted for 43.84% and those aged 46 or above accounted for 14.72%.

Corporate Governance

Description and Overall Evaluation of Corporate Governance

Description of Corporate Governance

During the reporting period, the Bank adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implemented the spirit of the 20th CPC National Congress and all Plenary Sessions of the 20th CPC Central Committee. The Bank diligently implemented the arrangements made at the Central Economic Work Conference and the National Financial Work Conference, strictly complied with laws, regulations, and financial regulatory requirements, implemented the long-term mechanism for organic integration of Party leadership and corporate governance. The Bank promoted the implementation of corporate governance reform, improved corporate governance system, optimized the corporate governance operational mechanism, and steadily improved corporate governance efficiency, striving to become a modern state-owned financial enterprise with Chinese characteristics for high-quality development.

Comprehensively amend the Articles of Association and complete the reform of the corporate governance structure

During the reporting period, the Bank comprehensively and systematically amended its Articles of Association in accordance with the Company Law of the PRC, the Commercial Bank Law of the PRC, and other relevant laws and regulations, as well as new regulatory requirements and the latest directives on the organic integration of Party leadership with enhanced corporate governance within state-owned financial enterprises. It has also coordinated the amendments of seven sets of rules governing the proceedings of the Shareholders' General Meeting, Board of Directors, and its special committees. The Bank standardized the operational mechanism of the "Shareholders' General Meeting, Board of Directors and Senior Management" in accordance with new regulatory requirements, refined the rights and obligations of shareholders as well as the powers of the Shareholders' General Meeting and Board of Directors. Aligning with sound corporate governance practices, consumer protection and social responsibility were incorporated into the Articles of Association; disclosure requirements were enhanced; incentive and constraint principles were established, and fundamental requirements for risk internal control and internal/external audits were clarified. The newly amended Articles of Association were approved and took effect on 22 December 2025 by the National Financial Regulatory Administration. Effective from that date, the Bank no longer established a Board of Supervisors. Instead, the Audit Committee of the Board of Directors exercises the powers of the Board of Supervisors as stipulated by the Company Law of the PRC and regulatory systems, successfully completing the reform of the corporate governance structure.

Implement the long-term mechanism to deepen the organic integration of Party leadership with corporate governance

During the reporting period, the Bank upheld the Party's centralized and unified leadership over financial work, earnestly implemented the Opinions on Strengthening Party

Leadership in the Improvement of Corporate Governance in Central Enterprises and actively followed the CPC Central Committee's requirements to promote the construction of a modern enterprise system with Chinese characteristics. The Bank earnestly implemented the Plan on the Organic Integration of Strengthening Party Leadership and Improving Corporate Governance of China Guangfa Bank. Adhering to the "two consistent principles", the Bank refined the integration of Party building into corporate governance. It established clear institutional requirements for the party committee to formulate a list of major operational matters requiring prior review, ensuring that the party committee's deliberations serve as a prerequisite for major decisions by the Board of Directors. The party committee regularly heard the implementation of corporate governance resolutions. The Bank continuously reviewed the implementation of measures for the organic integration of Party leadership and corporate governance, comprehensively elevating the integration's systematic, holistic, and strategic nature. This transformed the institutional advantages of Party leadership into governance effectiveness.

Achieve compliant and orderly corporate governance with steady progress in the quality and effectiveness of governance

During the reporting period, the Bank's Shareholders' General Meeting, Board of Directors, Board of Supervisors, and Senior Management each fulfilled their respective roles and operated in an orderly manner. In 2025, the Bank held 5 Shareholders' General Meetings to review and report 26 issues, and 10 meetings of the Board of Directors to review 120 issues and hear corresponding reports, including corporate governance, strategic implementation, Director nominations, capital management, performance-based compensation, profit distribution, financial budget, risk management, internal control and compliance, major related party transactions, internal and external audits, consumer rights protection, and green finance. The Board of Directors issued Board Work Letters focusing on information disclosure and the selection of external audit firms, thereby strengthening its role in strategic guidance and scientific decision-making. Additionally, the Board of Supervisors held 9 meetings to review 86 issues, achieving comprehensive and in-depth oversight across key areas, focusing on matters such as rectification of issues identified in the central inspection, credit card risks, information technology risks, external audits, and regulatory data reporting. The Board of Supervisors issued Board of Supervisors Work Letters to effectively fulfill its statutory supervisory responsibilities. In 2025, the special committees under the Board of Directors held 35 meetings, to review 110 issues and hear corresponding reports, while the special committees under the Board of Supervisors convened 6 meetings, to review 13 issues. These committees diligently fulfilled prior research and deliberation responsibilities, leveraging professional expertise to actively contribute suggestions and enhance decision-making support effectiveness. An annual corporate governance meeting schedule was established, with regular agenda items for the Board of Directors and Board of Supervisors implemented. The execution of corporate governance decision transmission was strengthened through the prompt issuance of action notifications to Senior Management and relevant functional departments. The Board of Directors and the Board of Supervisors regularly listened to the execution reports on resolved matters, thereby reinforcing a closed-loop approach to corporate governance management.

Strengthen the capacity of Shareholders' General Meeting, Board of Directors and Senior Management to enhance professional competence in fulfilling duties

During the reporting period, the Bank elected five Equity Directors and one Independent Director, appointing new Chairman and Vice Chairman. Board committee memberships were adjusted based on Directors' expertise. The Bank rigorously implemented the Ministry of Finance's Operational Guidelines for Reviewing Proposals by State-Owned Equity Directors in Financial Institutions and the Administrative Measures for Safeguarding the Duties of State-Owned Equity Directors in Financial Institutions, further standardizing proposal submission and pre-review processes. The Bank formulated and issued the measures for safeguarding the performance of Non-Executive Directors, revised the implementation measures for qualifications and selection procedures of Directors and Senior Executives, and amended the Independent Director work system, thereby strengthening the institutional foundation for Directors' performance. Efforts were intensified to build the Senior Management team, with a new President, a Vice President, a Secretary to the Board of Directors, and a Chief Compliance Officer appointed. Penetration management requirements were implemented by revising the authorization schemes from the Shareholders' General Meeting to the Board of Directors and from the Board of Directors to Senior Management, further refining the authorized management system. During the reporting period, the Bank's Directors and Supervisors conducted on-site inspections at the Hefei and Hangzhou Branches. They focused on the branches' implementation of decisions and policies set by the Party Central Committee, execution of the "Five Major Sectors" of finance, progress on the 14th Five-Year Plan, risk prevention and control, customer base development, and consumer rights protection. They engaged in in-depth discussions with branch leadership teams and middle management, offering suggestions for the branches' operational development. The Bank's Directors and Supervisors actively participated in specialized training sessions on anti-money laundering compliance, green finance policies and business innovation, consumer rights protection, and suitability management for financial institution products, enhancing their understanding of various business fields. The Bank provided timely, efficient, professional, and comprehensive support services to Directors and Supervisors in fulfilling their duties. During periods when the governance entities were not in session, the Bank delivered regulatory notices and rectification updates, business management briefings, internal research reports, anti-money laundering quarterly reports, operational risk event reports, and reports on the operation of the credit risk internal rating system. This ensured that Directors and Supervisors can stay informed about operational developments and have access to the necessary information for performing their roles effectively.

Strengthen equity management and information disclosure, and improve investor relationship maintenance

During the reporting period, the Board of Directors effectively fulfilled its management responsibilities for Shareholder affairs, promoting the deepening of equity management, information disclosure, and investor relations maintenance. The Board of Directors continuously optimized equity management, earnestly implemented requirements of regulatory authorities for the governance of equity and related party transactions data, guided and supported Senior Management to constantly enhance data quality and solidify the cornerstone of equity management. It reviewed and approved the Annual Major Shareholder Assessment Report, conducting an annual evaluation of shareholder qualifications, financial status over the past three years, shareholding status, exercise of shareholder rights, fulfillment of obligations and commitments, and related party transactions, and reported to the shareholders' meeting as required. It also reviewed the Annual Equity Pledge Report to keep awareness of the information on equity pledges of the Bank. Moreover, the Board of Directors continued to enhance the quality of its information disclosure by reviewing and approving the Annual Report, Social Responsibility Report, and other key documents. Over the year, it disclosed 53 announcements in full compliance with legal requirements, ensuring that all information was released truthfully, completely, accurately, and in a timely manner. This effort highlighted the Bank's latest achievements in actively serving the real economy and consistently enhancing its operational effectiveness. The Board of Directors continued to enhance its investor relations by guiding and supporting Senior Management in strengthening investor relations maintenance. It organized the Investor Forum, and actively met with several key shareholders and potential investors; issued the Investor Brief quarterly to actively communicate the Bank's value returns and development blueprint to enhance investor confidence.

Overall Assessment

During the reporting period, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank comprehensively advanced the organic integration of Party leadership with corporate governance. Upholding the political and people-centered nature of financial work, it thoroughly implemented major decisions and policies set by the Party Central Committee, taking the "Eight Commitments" as its fundamental guideline and resolutely following the path of financial development with Chinese characteristics. The Bank successfully completed reforms to its corporate governance structure, improved its governance system centered on the Articles of Association, and continuously strengthened the operational foundation of corporate governance. The Bank scientifically optimized its governance structure, strengthened the development of the Board of Directors and its special committees as well as the Senior Management team. The "Shareholders' General Meeting, Board of Directors and Senior Management" operated in a compliant and orderly manner, each governance entity continuously enhanced its performance, and the quality and efficiency of corporate governance were further improved, laying a solid foundation for the commencement of the 15th Five-Year Plan period.

Corporate Governance

Organizational Structure



Note: The Consumer Rights Protection and Service Supervision Department is an independent second-tier department of the Head Office.

Information of Shareholders' General Meeting

Powers and Functions of Shareholders' General Meeting

The Shareholders' General Meeting of the Bank consists of all Shareholders. The Shareholders' General Meeting is the authority of the Bank and shall exercise the following powers and functions in accordance with the law:

- Deciding on the Bank's business policy and significant investment plan;
- Electing and replacing Directors, and deciding on the remuneration of Directors;
- Approving the report of the Board of Directors;
- Approving the annual financial budget and final account plan of the Bank;
- Approving the profit distribution plan and loss recovery plan of the Bank;
- Making resolutions on the increase or decrease of registered capital of the Bank;
- Making resolutions on the issuance of bonds or other securities and the IPO plans of the Bank;
- Making resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Bank;
- Amending the Articles of Association of the Bank;
- Approving rules of procedure for meetings of the Shareholders' General Meeting and the Board of Directors;
- Making resolutions on the appointment and dismissal of the accounting firm that conducts the regular statutory audits of the Bank's financial reports (the "Annual Audit Accounting Firm");
- Approving the change in the use of raised funds;
- Making resolutions on the acquisition of the Bank's shares in accordance with the law;
- Approving matters concerning the Bank's purchase or sale of any significant asset or the amount of guarantee exceeding 30% of the most recently audited total assets of the Bank within one year;
- Approving or authorizing the Board of Directors to approve the establishment of legal person institutions, major equity investment, major asset purchase, major asset disposal, major asset write-off, major asset mortgage, other noncommercial bank business guarantees, major external donations and other matters of the Bank;
- Reviewing and approving the guarantees provided by the Bank to its shareholders, actual controllers and their related parties;
- Reviewing and approving other matters that should be decided by the Shareholders' General Meeting according to laws, regulations, regulatory requirements and the Articles of Association.

Matters within the terms of reference of the Shareholders' General Meeting shall be considered and decided by the Shareholders' General Meeting. The Shareholders' Meeting shall not delegate the powers that should be exercised by the Shareholders' Meeting according to laws, regulations, and

regulatory requirements to the Board of Directors, other bodies or individuals. However, the Shareholders' General Meeting may authorize the Board of Directors to decide on those matters where necessary, reasonable and lawful. The content of the authorization shall be clear and specific.

In 2025, the Bank convened 5 Shareholders' General Meeting and Beijing Haiwen (Shenzhen) Law Firm and Beijing Zhong Yin Law Firm each witnessed the validity and legality of procedures of convening and holding the meeting, the qualifications of the attendees, the qualifications of the conveners, the voting procedures and the voting results on site, and issued legal opinions respectively.

Information of the Annual Shareholders' General Meeting

On 27 June 2025, the Bank's 2024 Annual Shareholders' General Meeting was held in Guangzhou.

The meeting was attended by 36 shareholders and proxies representing 19,810 million shares with voting rights, accounting for 90.91% of the Bank's total share capital. Two shareholders whose voting rights were restricted at this meeting: Jiangsu Sugang Group Co., Ltd., with partial voting rights restricted, holding 222,777,231 shares of the Bank, of which 222,770,000 shares were restricted from voting due to share pledge; and Fujian Hangxing Trading Co., Ltd., with all voting rights restricted, holding 22,500,000 shares of the Bank, of which 22,500,000 shares were restricted from voting due to share pledge.

The meeting deliberated each proposal and approved the Proposal on the 2024 Work Report of the Board of Directors of China Guangfa Bank, the Proposal on the 2024 Work Report of the Board of Supervisors of China Guangfa Bank, the Proposal on the 2024 Final Account Report of China Guangfa Bank, the Proposal on the 2024 Profit Distribution Plan of China Guangfa Bank, the Proposal on the 2025 Financial Budget of China Guangfa Bank, the Proposal on the Capital Plan of China Guangfa Bank for 2025 to 2029, the Proposal on the Issuance of Financial Bonds Not Exceeding RMB150 Billion by China Guangfa Bank from 2025 to 2026 and the Proposal on Re-engaging an External Audit Firm for 2025 of China Guangfa Bank by separate polling, and relevant resolutions were duly passed.

At the meeting, the 2024 Performance Report of the Independent Directors of China Guangfa Bank, the Report on the Board of Directors' Implementation of the Authorization by 2024 Annual Shareholders' General Meeting of China Guangfa Bank, the Report on 2024 Related Party Transaction of China Guangfa Bank and 2024 Annual Evaluation Report of Major Shareholders of China Guangfa Bank were also reviewed. The comprehensive evaluation results of the performance of Directors, Supervisors and Senior Management were reported by the Board of Supervisors at the meeting in 2024.

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Information of the Extraordinary Shareholders' General Meetings

First Extraordinary Shareholders' General Meetings in 2025

On 4 March 2025, the Bank's First Extraordinary Shareholders' General Meetings in 2025 was held in Guangzhou.

The meeting was attended by 24 shareholders and proxies, representing 19,679 million shares with voting rights, accounting for 90.31% of the Bank's total share capital. Two shareholders whose voting rights were restricted at this meeting: Mianyang Kefa Changtai Industrial Co., Ltd., with all voting rights restricted, holding 34,339,087 shares of the Bank, of which 34,339,087 shares were restricted from voting due to share pledge; and Fujian Hangxing Trading Co., Ltd., with partial voting rights restricted, holding 22,500,000 shares of the Bank, of which 19,300,000 shares were restricted from voting due to share pledge.

The meeting deliberated each proposal and approved the Proposal on Engaging an External Audit Firm for 2024 for China Guangfa Bank, the Proposal on the Election of Mr. Tian Mingming as Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on the Election of Mr. Li Defeng as Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on the 2023 Director Compensation Settlement Plan of China Guangfa Bank and the Proposal on the 2023 Supervisor Compensation Settlement Plan of China Guangfa Bank by separate polling, and relevant resolutions were duly passed.

Second Extraordinary Shareholders' General Meetings in 2025

On 28 April 2025, the Bank's Second Extraordinary Shareholders' General Meetings in 2025 was held in Guangzhou.

The meeting was attended by 23 shareholders and proxies, representing 18,526 million shares with voting rights, accounting for 85.02% of the Bank's total share capital. One shareholder whose voting rights were restricted at this meeting: Mianyang Kefa Changtai Industrial Co., Ltd., with all voting rights restricted, holding 34,339,087 shares of the Bank, of which 34,339,087 shares were restricted from voting due to share pledge.

The meeting deliberated each proposal and approved the Proposal on the Election of Mr. Cai Xiliang as Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd. and the Proposal on the Election of Ms. Lin Xuebing as Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd. by separate polling, and relevant resolutions were duly passed.

Third Extraordinary Shareholders' General Meetings in 2025

On 23 September 2025, the Bank's Third Extraordinary Shareholders' General Meetings in 2025 was held in Guangzhou.

The meeting was attended by 22 shareholders and proxies, representing 19,777 million shares with voting rights, accounting for 90.76% of the Bank's total share capital. No shareholders with restricted voting rights participated in the meeting.

The meeting deliberated each proposal and approved the Proposal on the Abolition of the Board of Supervisors of China Guangfa Bank Co., Ltd., the Proposal on Revising the Articles of Association of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Shareholders' General Meeting of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Board of Directors of China Guangfa Bank Co., Ltd. and the Proposal on the Election of Mr. Dai Jiakai as Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd. by separate polling, and relevant resolutions were duly passed.

Fourth Extraordinary Shareholders' General Meetings in 2025

On 25 November 2025, the Bank's Fourth Extraordinary Shareholders' General Meetings in 2025 was held in Guangzhou.

The meeting was attended by 21 shareholders and proxies, representing 19,715 million shares with voting rights, accounting for 90.48% of the Bank's total share capital. No shareholders with restricted voting rights participated in the meeting.

The meeting deliberated and approved the Proposal on the Election of Mr. Lin Zhaohui as Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd. by voting, and relevant resolutions were duly passed.

Information of the Board of Directors

Composition of the Board of Directors

In 2025, the Bank's Board of Directors has 15 Directors in total, including five Independent Directors which account for not less than one third of members of the Board of Directors. The Board members include not only heads and Senior Management from renowned large financial enterprises with extensive experience in the financial industry but also professionals in finance, audit and investment as well as senior experts and scholars in economic and law fields. Such diversified and internationalized members can bring broad visions, independent views and proven expertise, allowing the Board of Directors to ensure more scientific and effective decision-making.

Responsibilities of the Board of Directors

The Bank has the Board of Directors, which is responsible to the Shareholders' General Meeting. The responsibilities of the Board in accordance with the law include the following:

- Responsible for convening Shareholders' General Meetings and reporting its work to Shareholders' General Meetings;
- Executing resolutions of Shareholders' General Meetings;
- Formulating the Bank's development strategy and overseeing its implementation;
- Formulating the Bank's capital plan and assuming ultimate responsibility for capital management and leverage ratio management;
- Formulating the Bank's risk tolerance and risk management policies, establishing the Bank's risk culture, formulating risk management strategies, and assuming ultimate responsibility for comprehensive risk management;
- Formulating internal control policies, continuously monitoring the bank's internal control status, establishing a sound internal control culture, and conducting regular research and evaluation of the soundness, rationality, and effectiveness of the Bank's internal control;
- Responsible for determining the Bank's compliance management objectives and assuming ultimate responsibility for the effectiveness of compliance management;
- Formulating the Bank's basic management system;
- appointing or dismissing senior management in accordance with regulatory requirements, determining their compensation and remuneration distribution plans, rewards and punishments, and supervising senior management in performing their duties;
- Formulating plans for increasing or decreasing the Bank's registered capital, issuing bonds or other securities, and listing;
- Formulating plans regarding the Bank's major acquisitions, the acquisition of the Bank's shares, or mergers, demergers, dissolution, and changes in corporate form;
- Within the scope of authority granted by the Shareholders' Meeting, deciding on matters such as the establishment of legal entities by the Bank, major equity investments, major asset acquisitions, major asset disposals, major asset write-offs, major asset mortgages and other guarantees for non-commercial banking business, and major external donations;
- Determining the setup, merger and dissolution of the Bank's internal management organizations, as well as the plan for the setup, merger and dissolution of the Bank's domestic and overseas branch-level organizations and other directly affiliated organizations;
- Determining the Bank's business plan and investment plan;
- Formulating the Bank's annual financial budget and final account plans;
- Formulating the Bank's profit distribution and loss recovery plans;
- Receiving the work report of the Bank's President and reviewing the performance of the President;
- Responsible for the Bank's information disclosure and bearing the ultimate responsibility for the authenticity and accuracy, integrity and timeliness of the Bank's accounting and financial reports;
- Evaluating and improving the Bank's corporate governance regularly;
- Formulating amendments to the Articles of Association; formulating the rules of procedure for the Shareholders' Meeting and the Board of Directors; and deliberating and approving the rules of procedure for the special committees under the Board of Directors;
- Proposing to the Shareholders' Meeting the appointment or dismissal of the annual auditing firm;
- Formulate the Bank's strategies, policies, and objectives for consumer rights protection, providing overall planning and guidance for consumer rights work, and safeguarding the legitimate rights and interests of financial consumers and other stakeholders;
- Assuming management responsibility for shareholder affairs and establishing a mechanism for identifying, reviewing, and managing conflicts of interest between the Bank and its shareholders, especially major shareholders;
- Reviewing and approving major related-party transactions between the Bank and its related parties;
- Responsible for the Bank's money laundering risk management, establishing goals for building a money laundering risk management culture, reviewing and determining money laundering risk management strategies, approving money laundering risk management policies and procedures, authorizing senior management to take the lead in money laundering risk management, regularly reviewing anti-money laundering work reports, and staying informed of major money laundering risk events and their handling.
- Formulating overall strategy and basic system of the Bank's management on consolidated financial statements, and supervising and ensuring Senior Management to effectively perform the duties for management on consolidated financial statements;
- Determining the Bank's green finance development strategy, approving the green finance objectives set by senior management and the green finance reports submitted, and supervising and evaluating the implementation of the Bank's green finance development strategy;
- Formulating the Bank's data strategy, approving major matters related to data governance, urging senior management to improve the effectiveness of data governance, and assuming ultimate responsibility for data governance;
- Responsible for the Bank's internal audit and bearing the ultimate responsibility for the independence and validity of internal audit;
- Cultivating the behavior management culture featuring compliance and integrity for employees, approving the code of conduct and detailed rules, and supervising the Senior Management to conduct employees' behavior management;

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- Approving the Bank's business continuity management strategies, policies, and procedures; regularly receiving reports from senior management on business continuity management; and supervising and evaluating their performance.
- Reviewing the Bank's remuneration system;
- Exercising other functions and powers stipulated by laws, regulations, regulatory requirements or the Articles of Association of the Bank, or authorized by the Shareholders' General Meeting.

The Board of Directors should listen to the opinions of the CPC Committee of the Bank before making significant decisions of the Bank.

The powers of the Board of Directors shall be exercised collectively by the Board of Directors. In principle, the functions and powers of the Board of Directors stipulated in the Company Law of the PRC shall not be delegated to the chairman of the Board of Directors, directors, other institutions or individuals to exercise. Where it is necessary to authorize any of the aforesaid persons or institutions to make a decision on a specific matter, it shall be done by means of resolution of the Board of Directors in accordance with the laws. The Board of Directors shall only authorize its power on a case-by-case basis, and shall not grant its power to any other institution or individual in a general or permanent manner.

Special Committees under the Board of Directors

Strategy/Consumer Rights Protection Committee

The Strategy/Consumer Rights Protection Committee under the Board consists of four Directors, of whom Mr. Lin Zhaohui is the chairing member. The other members are Ms. Lin Xuebing, Mr. Yang Dongwei and Mr. Xu Yuehong. The primary responsibilities of the committee are: reviewing and formulating the Bank's business management objectives and development strategies, and supervising its implementation; reviewing and approving the Bank's capital planning, strategic capital allocation, and asset-liability management objectives; reviewing and approving the annual business plan, profit distribution plan, investment plan, financial budget and final account plans; reviewing and approving the setup of internal management organizations; reviewing and approving consumer rights protection strategies, policies, and objectives; reviewing consumer rights protection work reports and supervising and evaluating the consumer rights protection work, etc.

Risk Management Committee

The Risk Management Committee under the Board consists of five Directors, of whom Mr. Wang Xi is the chairing member. The other members are Mr. Wang Bing (proposed), Mr. Dai Jiakai (proposed), Mr. Chen Shimin, and Mr. Li Defeng. The primary responsibilities of the committee are: reviewing risk management strategies, risk management policies, risk appetite, internal control process of the Bank, etc., reviewing risk management matters such as asset risk classification and appropriation to loss allowance policy, major asset disposal, major asset write-off, etc., supervising and evaluating the risk

policy, management and risk tolerance, internal control, case prevention management, compliance management of the Bank, etc., and performing part of the responsibilities of money laundering management risk.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee under the Board consists of three members. The members are Ms. Lin Xuebing and Mr. Zhao Xudong. The supplementary appointment procedure for the chairing member is currently underway. The primary responsibilities of the committee are: formulating procedures and standards of selection and appointment of Directors, and Senior Management, conducting preliminary review of the eligibilities of Director and Senior Management candidates, formulating evaluation system, remuneration policy and incentives scheme for Directors and Senior Management, and supervising the implementation of the relevant resolutions of the Board of Directors by the Management.

Audit Committee

The Audit Committee under the Board consists of five Directors, of whom Mr. Chen Shimin is the chairing member. The other members are Ms. Lin Xuebing, Mr. Zhang Linfu, and Mr. Zhao Xudong. The supplementary appointment procedure for another committee member is currently underway. The primary responsibilities of the committee are: studying the establishment, operation and maintenance of the internal audit system of the Bank; supervising, inspecting and evaluating internal audit work of the Bank and the external audit institutions, auditing the Bank's financial information, and disclosing significant financial policies and their implementation, supervising annual auditing of the Bank, etc. On 22 December 2025, the National Financial Regulatory Administration approved the amendments to the Bank's Articles of Association. Effective as of that date, the Bank will no longer maintain a Board of Supervisors; instead, the Audit Committee of the Board of Directors will assume the powers and responsibilities of the Board of Supervisors as stipulated by the Company Law of the PRC and regulatory requirements.

Related Party Transaction Control/Inclusive Finance Development Committee

The Related Party Transaction Control/Inclusive Finance Development Committee consists of three Directors, of whom Mr. Wang Xi is the chairing member. The other members are Ms. Liu Hui and Mr. Li Defeng. The primary responsibilities of the committee are: reviewing the management measures for related-party transactions and supervise their implementation; accepting filings of general related-party transactions and reviewing major related-party transactions; and being responsible for the management, review, and risk control of related-party transactions, with a focus on the compliance, fairness, and necessity of related-party transactions; researching and deliberating the development strategy planning and basic management system of inclusive finance business, deliberating annual business plans and appraisal measures of inclusive finance, etc.

Meetings Convened by the Board of Directors and its Special Committees

Meetings Convened by the Board of Directors

During the reporting period, the Bank convened a total of 10 Board meetings. The table below shows Directors' attendance rate at Board meetings during the reporting period:

Incumbent Directors' Attendance Rate at Board Meetings during the reporting period

Members of the Board of Directors	Number of meetings attended in person/ Number of meetings required to attend	Number of on-site meetings to attend by proxy/ Number of on-site meetings required to attend	Rate of attendance at on-site meetings in person
Cai Xiliang	5/6	1/5	80%
Lin Zhaohui	–	–	–
Lin Xuebing	4/4	0/4	100%
Wang Bing (proposed)	–	–	–
Liu Hui	9/10	1/8	87.5%
Dai Jiakai (proposed)	–	–	–
Yang Dongwei	9/10	1/8	87.5%
Xu Yuehong	10/10	0/8	100%
Zhang Linfu	10/10	0/8	100%
Chen Shimin	9/10	1/8	87.5%
Zhao Xudong	10/10	0/8	100%
Wang Xi	10/10	0/8	100%
Li Defeng	3/3	0/3	100%

Retired Directors' Attendance Rate at Board Meetings during the reporting period

Members of the Board of Directors	Number of meetings attended in person/ Number of meetings required to attend	Number of on-site meetings to attend by proxy/ Number of on-site meetings required to attend	Rate of attendance at on-site meetings in person
Bai Tao	0/1	1/1	–
Wang Kai	7/7	0/5	100%
Yu Shengquan	3/4	1/3	66.7%
Guo Yunzhao	10/10	0/8	100%

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On 13 February 2025, the Bank convened the 13th meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 6 proposals, including the Proposal on Engaging an External Audit Firm for 2024 of China Guangfa Bank, the Proposal on Engaging an External Audit Firm to Conduct a Special Audit on the Effectiveness of Internal Controls for 2024 of China Guangfa Bank, the Proposal on the Performance-Based Assessment Results and Compensation Allocation for Senior Executives for 2023 of China Guangfa Bank, the Proposal on the 2023 Director Compensation Settlement Plan of China Guangfa Bank, the Proposal on the Implementation Plan for the Advanced Capital Measurement Method of China Guangfa Bank and the Proposal regarding the Report on Operational Risk Appetite Exceeding the Limit of China Guangfa Bank and reviewed the Report on the Pledged Equity of China Guangfa Bank, and relevant resolutions were duly passed.

On 26 March 2025, the Bank convened the 14th meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 12 proposals, including the Proposal on the Work Report for 2024 and the Work Plan for 2025 of the Board of Directors of China Guangfa Bank, the Proposal on the Performance Report of Independent Directors of China Guangfa Bank for 2024, the Proposal on the Major Shareholders' Evaluation Report for 2024 of China Guangfa Bank, the Proposal on the Report on the Board of Directors' Implementation of the Authorization by 2024 Shareholders' General Meeting of China Guangfa Bank, the Proposal on the 2024 Work Summary and 2025 Work Plan for Consumer Rights Protection of China Guangfa Bank, the Proposal on the Comprehensive Risk Management Report for 2024 of China Guangfa Bank, the Proposal on the Risk Appetite Policy of China Guangfa Bank for 2025, the Proposal on the Consolidated Management Report for 2024 of China Guangfa Bank, the Proposal on the Report on Case Risk Prevention and Control for 2024 of China Guangfa Bank, the Proposal on the Management Report of Interest Rate Risk on Bank Account Book of China Guangfa Bank for 2024, the Proposal on the 2024 Reputation Risk Management Report and the 2025 Management Strategy of China Guangfa Bank and the Proposal on the Problems Found in Internal Audit and Subsequent Rectification for 2024 of China Guangfa Bank, and reviewed 13 reports, including the Report on the Operation and Budget Execution of China Guangfa Bank for 2024, the Report on the Management of Liability Quality of China Guangfa Bank for 2024, the Report on the Progress of Remediation of the Regulatory Findings for 2023 of China Guangfa Bank, the Report on the Internal Audit of China Guangfa Bank for 2024, the Report on the Market Risk Management of China Guangfa Bank for 2024, the Report on the Evaluation of Employee Conduct for 2024 of China Guangfa Bank, the Report on the Liquidity Risk Management of China Guangfa Bank for 2024, the Report on the Wealth Management Product Sales for 2024 of China Guangfa Bank, the Report on the Technology Work of China Guangfa Bank for 2024, the Report on Data Governance Work in 2024 of China Guangfa Bank, the Report on the

Implementation of Disaster Recovery Drills at the Disaster Backup Center of China Guangfa Bank for 2024, the Report on the Implementation of Authorization by the Board of Directors to the Senior Management of China Guangfa Bank for 2024, and the Report on the Execution of Agreed Matters Determined by the Board of Directors for 2024 of China Guangfa Bank, and relevant resolutions were duly passed.

From 31 March to 7 April 2025, the Bank held the 15th meeting of the 10th session of the Board of Directors through written endorsement. During the meeting, the Bank reviewed and approved 4 proposals, including the Proposal on the Nomination of Mr. Cai Xiliang as a Candidate for Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on the Nomination of Ms. Lin Xuebing as a Candidate for Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on Deferred Payment and Recovery Management of Employee Performance-Based Compensation of China Guangfa Bank for 2024 and the Proposal on Convening the Second Extraordinary Shareholders' General Meeting of China Guangfa Bank in 2025, and relevant resolutions were duly passed.

On 28 April 2025, the Bank convened the 16th meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 25 proposals, including the Proposal on the Election of Mr. Cai Xiliang as Chairman of the 10th session of the Board of Directors of China Guangfa Bank, the Proposal on the Audit Report under Chinese Accounting Standards of China Guangfa Bank for 2024, the Proposal on the Audit Report under International Accounting Standards of China Guangfa Bank for 2024, the Proposal on the Annual Report of China Guangfa Bank for 2024, the Proposal on the Internal Control Audit Report of China Guangfa Bank for 2024, the Proposal on the Financial Final Account Report of China Guangfa Bank for 2024, the Proposal on the Preliminary Profit Distribution Plan of China Guangfa Bank for 2024, the Proposal on the Implementation Plan of Dividend Distribution of China Guangfa Bank for 2024, the Proposal on the Business Plan and Financial Budget for 2025 of China Guangfa Bank, the Proposal on the 2024 Evaluation Report on the Execution of the "14th Five-Year" Development Plan of China Guangfa Bank, the Proposal on the Environmental, Social and Governance (ESG) Report of China Guangfa Bank for 2024, the Proposal on the Report Regarding the Assessment of the Green Finance Development and Strategy Implementation of China Guangfa Bank for 2024, the Proposal on the Internal Capital Adequacy Assessment Report of China Guangfa Bank for 2025, the Proposal on the Internal Audit Work Plan of China Guangfa Bank for 2025, the Proposal on Revising the Credit Risk Rating Management Measures for Corporate Client of China Guangfa Bank, the Proposal on the Report of Implementation Status of the Expected Credit Loss Method of China Guangfa Bank for 2024, the Proposal on Revising the Liquidity Risk Management Measures of China Guangfa Bank, the Proposal on the Report regarding the Internal Control Evaluation of China Guangfa Bank for 2024, the Proposal on the Report regarding the Compliance Risk Management of China Guangfa Bank for

2024, the Proposal on the Evaluation Report of Online Lending Business of China Guangfa Bank for 2024, the Proposal on the Report regarding the Related Party Transactions of China Guangfa Bank for 2024, the Proposal on the Conduct of Related Party Transactions involving Credit Exposure between China Guangfa Bank and Beijing Renewable Energy, the Proposal on the Resignation of Mr. Li Guangxin as Secretary to the Board of China Guangfa Bank Co., Ltd., the Proposal to Convene the Annual Shareholders' General Meeting of China Guangfa Bank for 2024 and the Proposal on the Appointment of Mr. Zhang Kai as Vice President of China Guangfa Bank Co., Ltd. and reviewed 8 reports, including the Report on the Comprehensive Risk Stress Test of China Guangfa Bank for 2025, the Report on the Operation of the Credit Risk Internal Rating System of China Guangfa Bank for 2024, the Verification Report on the Internal Assessment and Application Model of China Guangfa Bank for 2024, the Report on the Management of Business Continuity of China Guangfa Bank for 2024, the Report on the Management of Information Technology Risks of China Guangfa Bank for 2024, the Report on the Settlement, Disposal and Management of Non-Performing Assets of China Guangfa Bank for 2024, the Report on Bad Debts Writing-Off of Non-Performing Assets of China Guangfa Bank for 2024 and the Report on the Outsourcing Management of China Guangfa Bank for 2024, and relevant resolutions were duly passed.

On 4 June 2025, the Bank convened the 17th meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 4 proposals, including the Proposal on the Rectification Work Plan for the Consumer Rights Protection Regulatory Evaluation of China Guangfa Bank for 2024, the Proposal on the Issuance of Financial Bonds Not Exceeding RMB150 Billion by China Guangfa Bank from 2025 to 2026, the Proposal on the Capital Plan of China Guangfa Bank for 2025 to 2029, the Proposal on Re-engaging an External Audit Firm for 2025 of China Guangfa Bank and reviewed the Report on the Operation and Budget Execution for the First Quarter of 2025 of China Guangfa Bank, and relevant resolutions were duly passed.

From 11 June to 18 June 2025, the Bank held the 18th meeting of the 10th session of the Board of Directors through written endorsement. During the meeting, the Bank reviewed and approved 2 proposals, including the Proposal on Adjustment of Important Models and Key Parameters for the Implementation of the Expected Credit Loss Method for the Mid-term of 2025 of China Guangfa Bank and the Proposal on Revising the Product Innovation Management Measures of China Guangfa Bank, and relevant resolutions were duly passed.

On 25 August 2025, the Bank convened the 19th meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 18 proposals, including the Proposal on the Abolition of the Board of Supervisors of China Guangfa Bank Co., Ltd., the Proposal on Revising the Articles of Association of China Guangfa Bank Co., Ltd., the Proposal on Revising

the Rules of Procedure for the Shareholders' General Meeting of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Strategy/Consumer Rights Protection Committee under the Board of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Nomination and Remuneration Committee under the Board of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Risk Management Committee under the Board of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Audit Committee under the Board of China Guangfa Bank Co., Ltd., the Proposal on Revising the Rules of Procedure for the Related Party Transaction Control/Inclusive Finance Development Committee under the Board of China Guangfa Bank Co., Ltd., the Proposal on the Change of CITIC Trust Co., Ltd.'s Nominee for the Board of Directors of China Guangfa Bank, the 2025 First Half Review and Second Half Roadmap for Consumer Rights Protection of China Guangfa Bank, the Proposal on Re-engaging an External Audit Firm to Conduct a Special Audit on the Effectiveness of Internal Controls for 2025 of China Guangfa Bank, the Proposal on the Recovery Plan (2025 Edition) of China Guangfa Bank, the Proposal on the Comprehensive Risk Management Report for the First Half of 2025 of China Guangfa Bank, the Proposal on the Anti-Money Laundering Work Report of China Guangfa Bank for the first half of 2025, the Proposal on Revising the Business Continuity Management Regulations of China Guangfa Bank, the Proposal on the Performance Evaluation Indicators for Senior Management of China Guangfa Bank for 2025 and the Proposal on Convening the Third Extraordinary Shareholders' General Meeting of China Guangfa Bank in 2025, and reviewed 4 reports, including the Report on the Operation and Budget Execution for the First Half of 2025 of China Guangfa Bank, the Report on the Non-Performing Asset Management for the First Half of 2025 of China Guangfa Bank, the Report on the Implementation of Board Resolutions in the First Half of 2025 of China Guangfa Bank and the Report on the Plan for the Remediation of the Regulatory Findings of China Guangfa Bank for 2024, and relevant resolutions were duly passed.

On 28 October 2025, the Bank convened the 20th meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 5 proposals, including the Proposal on the Resignation of Mr. Wang Kai from His Positions as Vice Chairman and President of China Guangfa Bank Co., Ltd., the Proposal on the Appointment of Mr. Lin Zhaohui as President of China Guangfa Bank Co., Ltd., the Proposal on the Nomination of Mr. Lin Zhaohui as a Candidate for Director of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on the Appointment of Mr. Li Xiaoshui as Secretary to the Board of China Guangfa Bank Co., Ltd. and the Proposal on Convening the Fourth Extraordinary Shareholders' General Meeting of China Guangfa Bank in 2025, and relevant resolutions were duly passed.



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On 25 November 2025, the Bank convened the 21st meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 8 proposals, including the Proposal on the Election of Mr. Lin Zhaohui as Vice Chairman of the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on Adjusting the Composition of the Special Committees under the 10th session of the Board of Directors of China Guangfa Bank Co., Ltd., the Proposal on the Appointment of Mr. Li Bing as Chief Compliance Officer of China Guangfa Bank Co., Ltd., the Proposal on the Signing of the Supplementary Agreement to the Agreement Deposit Contract for RMB Between China Guangfa Bank and China Life Insurance Company Limited, the Proposal on Making a Donation to the China Life Foundation in 2025, the Proposal on Revising China Guangfa Bank's Management Measures for the Distribution of Wealth Management Products from Wealth Management Companies, the Proposal on the Establishment of an Asset Custody Center by China Guangfa Bank and the Proposal on the Arrangement for the Election of the 10th session of the Board of Directors of China Guangfa Bank, and reviewed the Report on Operation and Budget Execution for the First Three Quarters of 2025 of China Guangfa Bank, and relevant resolutions were duly passed.

On 30 December 2025, the Bank convened the 22nd meeting of the 10th session of the Board of Directors via both on-site and video connection. During the meeting, the Bank reviewed and approved 8 proposals, including the Proposal on Adjustment of Important Models and Key Parameters for the Implementation of the Expected Credit Loss Method by the end of 2025 of China Guangfa Bank, the Proposal on Revising the Management Measures for the Implementation of the Expected Credit Loss Method of China Guangfa Bank, the Proposal on Revising the Market Risk Management Measures of China Guangfa Bank, the Proposal on Formulating the Compliance Management Measures of China Guangfa Bank, the Proposal on the Formulation of the Management Measures for Partner Institutions of China Guangfa Bank, the Proposal on the Performance-Based Assessment Results and the Vesting of Deferred Performance-based Compensation for Senior Executives for 2024 of China Guangfa Bank, the Proposal on the Conduct of Related Party Transactions involving Credit Exposure between China Guangfa Bank and China CITIC Bank and the Proposal on Revising the Related Party Transaction Management Measures of China Guangfa Bank, and relevant resolutions were duly passed.

Meetings of Special Committees of the Board of Directors

In 2025, the special committees of the Board of Directors held 35 meetings, deliberated 81 proposals, reviewed 26 reports, and heard 3 reports. The special committees reviewed and approved the Bank's financial final accounts report, financial audit report, preliminary profit distribution plan, bond issuance, capital plan for 2025 to 2029, comprehensive risk management report, internal control assessment report, annual related

party transaction report, 2024 annual report, the 2024 work summary and 2025 work plan for consumer rights protection, operational plan and financial budget for 2025, internal audit work plan, external audit firm engagement, anti-money laundering work report, inclusive finance business plan, as well as Director nominations, re-election arrangement for the Board of Directors, appointment and resignation of senior executives, senior management performance appraisal and remuneration distribution, risk appetite policy, implementation plan for the advanced capital measurement method, adjustments to important models and key parameters related to the implementation of the expected credit loss method, recovery plan, problems found in internal audit and subsequent rectification, and significant related party transactions, etc. Additionally, the committees reviewed reports on business performance and budget execution, various risk management, liability quality, stress testing, case prevention and employee management, non-performing asset management, internal audit, data governance, external donations, technology work, outsourcing management, etc. Among those meetings, 9 meetings were held by the Nomination and Remuneration Committee in 2025, deliberating 17 proposals.

Implementation of the Resolutions of the Shareholders' General Meeting by the Board of Directors

During the reporting period, the Board of Directors strictly complied with the relevant laws and regulations and financial regulatory requirements, implemented the decisions of the CPC Central Committee, conscientiously and comprehensively carried out the resolutions of the Shareholders' General Meeting, guided the Senior Management to adhere to their essential duties to serve the real economy, and promoted reform and innovation, thereby promoting the steady and sustainable development of the Bank's businesses.

Independence and Performance of Duties of Independent Directors

During the reporting period, there were five Independent Directors in the Board of Directors of the Bank, which meets regulatory requirements on the qualification, number and proportion of Independent Directors. None of the Independent Directors has any business or financial interests in the Bank or assumed any managerial post in the Bank, which meets relevant regulatory requirements on independence. Independent Directors represent no less than one third of the Nomination and Remuneration Committee, Risk Management Committee, and Related Party Transaction Control/Inclusive Finance Development Committee, represent a majority on the Audit Committee, and act as chairing members in the Nomination and Remuneration Committee, Risk Management Committee, Audit Committee, and Related Party Transaction Control/Inclusive Finance Development Committee.

During the reporting period, Independent Directors of the Bank, as required by laws and regulations and the Articles of Association of the Bank, acted with due diligence and attended Board and its special committees meetings to exercise their supervision rights and express their opinions on an adequate, objective and independent basis, in order to assist the Board of Directors and special committees to improve efficiency and scientific decision-making ability. Moreover, Independent Directors fully leveraged their expertise and professionalism to actively participate in the deliberation and decision-making of proposals at Board and its special committees meetings, made independent judgments on major matters such as annual profit distribution, Director nomination, Directors' remuneration, appointment and dismissal of senior executives, performance assessment results and remuneration distribution for Senior Management, selection of external audit institutions, major related party transactions and donation, etc., and expressed independent opinions in an objective and impartial manner, to protect overall interest of the Bank and legitimate rights and interests of the whole shareholder, especially minority shareholders, and gave full play to their role as Independent Directors. During the inter-sessional period, Independent Directors actively participated in specialized training on consumer rights protection, anti-money laundering, and green finance, continuously improving their capabilities to perform their duties. Independent Directors took part in joint investigations by the Board of Directors and the Board of Supervisors, gained in-depth insights into the implementation of decisions and deployments of the Party Central Committee, implemented the "Five Major Sectors" of finance to support the development of new quality productive forces, promoted the rectification of central inspections and internal and external inspections, the execution of the strategy plan, strategic plan execution, business operations, and risk, internal control, and compliance management, and provided professional opinions and suggestions. The Board of Directors and Senior Management attached great importance to the opinions and suggestions of Independent Directors.

Board of Supervisors

Composition of the Board of Supervisors

From 1 January 2025 to 22 December 2025, the Board of Supervisors of the Bank consisted of six Supervisors, including one Shareholder Supervisor, two External Supervisors and three Employee Supervisors. The number of members and composition of the Board of Supervisors complied with the regulatory requirements and provisions of the Articles of Association of the Bank. The Shareholder Supervisors possess extensive experience in enterprise management. The External Supervisors are professionals in accounting and legal affairs, while the Employee Supervisors have been engaged in bank operations and management for a long time with extensive professional experience in finance.

Effective 22 December 2025, the Bank will no longer establish the Board of Supervisors in accordance with its Articles of Association.

Responsibilities of the Board of Supervisors

From 1 January 2025 to 22 December 2025, the Bank has the Board of Supervisors. The responsibilities of the Board of Supervisors in accordance with the law include the following:

- Supervising the duty performance of the Board of Directors, Senior Management and their members, and proposing dismissal of Directors and Senior Management in violation of laws, administrative regulations, the Articles of Association of the Bank or resolutions of the Shareholders' General Meeting;
- Conducting comprehensive appraisal of the performance of the Directors, Supervisors and Senior Management, and reporting to the Shareholders' General Meeting and regulatory authorities;
- Requiring Directors and Senior Management to rectify any of their behaviors in damage of the Bank's interests;
- Inquiring Directors and Senior Management;
- Supervising the electing and engaging procedures of Directors;
- Examining and supervising financial activities of the Bank;
- Deliberating the Bank's profit distribution plan, and issuing opinions on the compliance and rationality;
- Deliberating the Bank's regular reports, and issuing written audit opinions on the authenticity, accuracy and integrity of reports;
- Supervising business decisions, risk management and internal control of the Bank and guiding the internal audit department about their work;
- Attending meetings held by the Board of Directors;
- Proposing to convene an Extraordinary General Meeting, and convening and presiding over the Shareholders' General Meeting when the Board of Directors fails to do so in accordance with the Articles of Association of the Bank;
- Making proposals to Shareholders' General Meeting;

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- Filing lawsuits to the Directors and Senior Management in accordance with laws and provisions of the Articles of Association of the Bank;
- Supervising the Board of Directors to determine a sound business philosophy, value criterion and formulating development strategy according to the actual situation of the Bank;
- Regularly assessing the scientificity, rationality and effectiveness of the development strategies developed by the Board of Directors and formulating assessment reports;
- Supervising the scientificity and rationality of the bankwide remuneration management system and remuneration schemes for Senior Management;
- Exercising other responsibilities stipulated by laws, regulations and the Articles of Association of the Bank, or authorized by the Shareholders' General Meeting.

Special Committees under the Board of Supervisors

From 1 January 2025 to 22 December 2025, the Nomination Committee and Supervisory Committee are set up under the Board of Supervisors of the Bank, both of which are chaired by External Supervisors.

Nomination Committee

From 1 January 2025 to 22 December 2025, the Nomination Committee was composed of three Supervisors, of whom Mr. Li Weiyi was the chairing member and the other members were Ms. Lu Zeyuan and Ms. Pan Hua.

The primary responsibilities of the Nomination Committee are:

- Making proposals to the Board of Supervisors in terms of the size and composition of the Board of Supervisors, according to the Bank's operation and management situations, asset size and equity structure;
- Formulating the selection procedures and standards for Supervisors, conducting preliminary review on the eligibilities and qualifications of Supervisor candidates, and making proposals to the Board of Supervisors;
- Nominating and recommending candidates of special committees to the Board of Supervisors;
- Formulating the supervision proposal for the performance of Directors, Senior Management and their members, and organizing the implementation after the proposal is approved by the Board of Supervisors;
- Conducting comprehensive appraisal of the performance of Directors, Supervisors and Senior Management and reporting to the Board of Supervisors;
- Supervising the electing and engaging procedures of Directors;
- Supervising the scientificity and rationality of the bankwide remuneration management system and remuneration schemes for Senior Management;
- Exercising other responsibilities stipulated by laws, regulations and the Articles of Association of the Bank, or authorized by the Board of Supervisors.

Supervisory Committee

From 1 January 2025 to 22 December 2025, the Supervisory Committee was composed of three Supervisors, of whom Mr. Tan Youchao was the chairing member and the other members were Ms. Lu Zeyuan and Ms. Guan Tiejun.

The primary responsibilities of the Supervisory Committee are:

- Formulating proposals (as needed) of supervision and inspection on the operational decision-making, risk management and internal control, etc. and organizing the implementation after the proposals are approved by the Board of Supervisors;
- Formulating plans (as needed) to supervise the financial activities of the Bank and implement related inspections;
- Formulating the supervision proposals (as needed) on whether the Board of Directors has established a sound business philosophy, values criterion and development strategy according to the actual situation of the Bank, and organizing the implementation after the proposals are approved by the Board of Supervisors;
- Putting forward opinions on the profit distribution plan to be submitted by the Board of Directors to the Shareholders' General Meeting, and reporting to the Board of Supervisors;
- Reviewing the Bank's regular reports made by the Board of Directors, raising written opinions, and reporting to the Board of Supervisors;
- Regularly assessing the scientificity, rationality and effectiveness of the development strategies developed by the Board of Directors;
- Exercising other responsibilities stipulated by laws, regulations and the Articles of Association of the Bank, or authorized by the Board of Supervisors.

Meetings of the Board of Supervisors and special committees

During the reporting period, the Board of Supervisors of the Bank convened a total of nine meetings, which are as follows:

On 13 February 2025, the Bank convened the 13th meeting of the 9th session of the Board of Supervisors through a combination of on-site and video connection. During the meeting, the Bank reviewed and approved the Proposal on the 2023 Supervisor Compensation Settlement Plan of China Guangfa Bank, the Proposal on the Performance Evaluation Results and Compensation Distribution for Senior Management for 2023, the Proposal on the Implementation Plan for Advanced Capital Measurement Methods of China Guangfa Bank, the Proposal regarding the Report on Operational Risk Appetite Exceeding the Limit of China Guangfa Bank, the Proposal on Engaging an External Audit Firm for 2024 for China Guangfa Bank and the Proposal on Engaging an External Audit Firm to Conduct the 2024 Internal Control Audit of China Guangfa Bank. Additionally, the Bank reviewed the Report on Pledged Equity, and relevant resolutions were duly passed.

On 26 March 2025, the Bank convened the 14th meeting of the 9th session of the Board of Supervisors through a combination of on-site and video connection. During the meeting, the Bank reviewed and approved reports concerning the Proposal on the Work Report for 2024 and the Work Plan for 2025 of the Board of Supervisors of China Guangfa Bank, the Proposal on the 2024 Work Summary and 2025 Work Plan for Consumer Rights Protection of China Guangfa Bank, the Proposal on Risk Appetite Policy of China Guangfa Bank for 2025, the Proposal on the Comprehensive Risk Management Report for 2024 of China Guangfa Bank, the Proposal on the Consolidated Management Report for 2024 of China Guangfa Bank, the Proposal on the Report on Case Risk Prevention and Control for 2024 of China Guangfa Bank, the Proposal on the Management Report of Interest Rate Risk on Bank Account Book of China Guangfa Bank for 2024, the Proposal on the 2024 Reputation Risk Management Report and the 2025 Management Strategy of China Guangfa Bank and the Proposal on the Problems Found in Internal Audit and Subsequent Rectification for 2024 of China Guangfa Bank. Additionally, the Bank reviewed Operating Performance and Budget Execution for 2024, Liability Quality Management, Liquidity Risk Management, Market Risk Management, Employee Conduct Assessment, Internal Audit Work, Data Governance Work, Disaster Recovery Drill Implementation at the Disaster Backup Center, Implementation of Resolutions at the Board of Supervisors, and Progress on Remediation of the Regulatory Findings for 2023, and relevant resolutions were duly passed.

From 1 April to 9 April 2025, the Bank convened the 15th meeting of the 9th session of the Board of Supervisors via written endorsement. During the meeting, the Bank reviewed and approved the Proposal on the Evaluation Report of the Performance of Directors in 2024 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Supervisors in 2024 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Senior Management in 2024 by the Board of Supervisors of China Guangfa Bank and the Proposal on Deferred Payment and Recovery of Employee Performance-Based Compensation of China Guangfa Bank for 2024, and relevant resolutions were duly passed.

On 28 April 2025, the Bank convened the 16th meeting of the 9th session of the Board of Supervisors through a combination of on-site and video connection. During the meeting, the Bank reviewed and approved the Proposal on the Audit Report under Chinese Accounting Standards of China Guangfa Bank for 2024, the Proposal on the Audit Report under International Accounting Standards of China Guangfa Bank for 2024, the Proposal on the Financial Final Account Report of China Guangfa Bank for 2024, the Proposal on the Preliminary Profit Distribution Plan of China Guangfa Bank for 2024, the Proposal on the Annual Report of China Guangfa Bank for 2024, the Proposal on the Business Plan and Financial Budget for 2025 of China Guangfa Bank, the Proposal on the Internal Capital Adequacy Assessment Report of China Guangfa Bank for 2025, the Proposal on Revising the Liquidity Risk Management Measures of China Guangfa Bank, the Proposal regarding the 2024 Evaluation Report on the Execution of the "14th Five-Year" Development Plan of China Guangfa Bank, the Proposal on Revising the Credit Risk Rating Management Measures for Corporate Client of China Guangfa Bank, the Proposal on the Report of Implementation Status of the Expected Credit Loss Method of China Guangfa Bank for 2024, the Proposal on the Internal Control Audit Report for 2024 of China Guangfa Bank, the Proposal on the Internal Control Evaluation Report for 2024 of China Guangfa Bank, the Proposal on the Compliance Risk Management Report for 2024 of China Guangfa Bank, the Proposal on the Related Party Transactions Report for 2024 of China Guangfa Bank, the Proposal on the Conduct of Related Party Transactions involving Credit Exposure between China Guangfa Bank and Beijing Renewable Energy, the Proposal regarding the Report on the Assessment of the Green Finance Development and Strategy Implementation of China Guangfa Bank for 2024, the Proposal on the Evaluation Report of Online Lending Business of China Guangfa Bank for 2024, the Proposal on the Environmental, Social and Governance (ESG) Report of China Guangfa Bank for 2024 and the Proposal on the Internal Audit

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Work Plan of China Guangfa Bank for 2025. Additionally, the Bank reviewed reports on the following issues: Outsourcing Management for 2024, Credit Risk Internal Rating System Operations, Internal Assessment and Application Model Validation, Business Continuity Management, Information Technology Risk Management, Non-Performing Asset Recovery, Disposal and Management, Writeoff of Doubtful Debts, Pledged Equity, and Comprehensive Risk Stress Testing for 2025, and relevant resolutions were duly passed.

From 26 May to 4 June 2025, the Bank convened the 17th meeting of the 9th session of the Board of Supervisors through written endorsement. During the meeting, the Bank reviewed and approved the Proposal on the Capital Plan of China Guangfa Bank for 2025 to 2029, the Proposal on the Issuance of Financial Bonds Not Exceeding RMB150 Billion by China Guangfa Bank from 2025 to 2026, the Proposal on the Rectification Work Plan for the Consumer Rights Protection Regulatory Evaluation of China Guangfa Bank for 2024 and the Proposal on the Reappointment of the External Audit Firm of China Guangfa Bank for 2025. Additionally, the Bank reviewed the Report on Operation and Budget Execution for the First Quarter of 2025 of China Guangfa Bank, and relevant resolutions were duly passed.

From 11 June to 18 June 2025, the Bank convened the 18th meeting of the 9th session of the Board of Supervisors through written endorsement. During the meeting, the Bank reviewed and approved the Proposal on Adjustment of Important Models and Key Parameters for the Implementation of the Expected Credit Loss Method for the Mid-term of 2025 of China Guangfa Bank and the Proposal on Revising the Product Innovation Management Measures of China Guangfa Bank, and relevant resolutions were duly passed.

On 25 August 2025, the Bank convened the 19th meeting of the 9th session of the Board of Supervisors through a combination of on-site and video connection. During the meeting, the Bank reviewed and approved the Proposal on Amending the Articles of Association of China Guangfa Bank, the Proposal on Amending the Rules of Procedure for Shareholders' Meetings of China Guangfa Bank, the Proposal on the 2025 First Half Review and Second Half Roadmap for Consumer Rights Protection of China Guangfa Bank, the Proposal on the Performance Evaluation Indicators for Senior Management of China Guangfa Bank for 2025, the Proposal on the Recovery Plan (2025 Edition) of China Guangfa Bank, the Proposal Regarding the Report on Comprehensive Risk Management of Guangfa Bank for the First Half of 2025, the Proposal on Revising the Business Continuity Management Regulations of China Guangfa Bank, the Proposal on the

Anti-Money Laundering Work Report of China Guangfa Bank for the First Half of 2025 and the Proposal on the Reappointment of the External Audit Firm to Conduct Special Audit on Internal Control for 2025 of China Guangfa Bank. Additionally, the Bank reviewed reports concerning the Remediation of the Regulatory Findings for 2024, the Operation and Budget Execution for the First Half of 2025, Non-Performing Asset (NPA) Management, Implementation of Resolutions Passed by the Board of Supervisors, and relevant resolutions were duly passed.

From 13 November to 20 November 2025, the Bank convened the 20th meeting of the 9th session of the Board of Supervisors through written endorsement. During the meeting, the Bank reviewed and approved the Proposal on the Work Plan for the Performance Evaluation of Directors, Supervisors and Senior Management for 2025 by the Board of Supervisors of China Guangfa Bank and the Proposal on the Signing of the Supplementary Agreement to the Agreement Deposit Contract for RMB Between China Guangfa Bank and China Life Insurance Company Limited. Additionally, the Bank reviewed the Report on Operation and Budget Execution for the First Three Quarters of 2025 of China Guangfa Bank, and relevant resolutions were duly passed.

From 15 December to 18 December 2025, the Bank convened the 21st meeting of the 9th session of the Board of Supervisors through written endorsement. During the meeting, the Bank reviewed and approved the Proposal on the Performance-Based Assessment Results and the Vesting of Deferred Performance-based Compensation for Senior Executives for 2024 of China Guangfa Bank, the Proposal on Revising the Implementation Measures for the Expected Credit Loss Method of China Guangfa Bank, the Proposal on Formulating the Compliance Management Measures of China Guangfa Bank and the Proposal on the Conduct of Related Party Transactions involving Credit Exposure between China Guangfa Bank and China CITIC Bank for 2024, and relevant resolutions were duly passed.

During the reporting period, the Nomination Committee under the Board of Supervisors of the Bank convened a total of 5 meetings, reviewing and approving the Proposal on the Performance-Based Assessment Results and Compensation Allocation for Senior Executives for 2023 of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Directors in 2024 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Supervisors in 2024 by the Board of Supervisors of China Guangfa Bank, the Proposal on the Evaluation Report of the Performance of Senior Management in 2024 by the Board of Supervisors of China Guangfa Bank,

the Proposal on Deferred Payment and Recovery of Employee Performance-Based Compensation for 2024 of China Guangfa Bank, the Proposal on the Performance Evaluation Indicators for Senior Management of China Guangfa Bank for 2025, the Proposal on the Work Plan for the Performance Evaluation of Directors, Supervisors and Senior Management for 2025 by the Board of Supervisors of China Guangfa Bank and the Proposal on the Performance-Based Assessment Results and the Vesting of Deferred Performance-based Compensation for Senior Executives for 2024 of China Guangfa Bank, and relevant resolutions were duly passed.

During the reporting period, the Supervisory Committee of the Board of Supervisors of the Bank convened one meeting, reviewing and approving the Proposal on the Audit Report under Chinese Accounting Standards of China Guangfa Bank for 2024, the Proposal on the Audit Report under International Accounting Standards of China Guangfa Bank for 2024, the Proposal on the Annual Report of China Guangfa Bank for 2024, the Proposal on the Preliminary Profit Distribution Plan of China Guangfa Bank for 2024 and the Proposal on the Evaluation Report of the Implementation of the 14th Five-Year Development Plan of China Guangfa Bank for 2024, and relevant resolutions were duly passed.

Performance of Duties by External Supervisors

From 1 January 2025 to 22 December 2025, the 9th session of the Board of Supervisors of the Bank currently has two external supervisors. The chairpersons of the Nomination Committee and the Supervisory Committee of the Board of Supervisors are all External Supervisors. During the reporting period, the Bank's External Supervisors worked diligently, gave full play to their expertise, and performed various supervisory duties in strict accordance with relevant laws and regulations, regulatory requirements and the Articles of Association of the Bank. They actively participated in meetings of the Board of Supervisors and special committees, carefully considered various proposals and expressed independent opinions and suggestions; effectively performed the duties of the chairmen of the special committees, promptly convened the meetings of the special committees; actively participated in the performance evaluation, joint investigation and other activities organized by the Board of Supervisors of the Bank; and strengthened study and training to further improve the ability to perform duties.

Work of the Board of Supervisors

Emphasize the leadership of Party building, and deepen the organic integration between Party leadership and the governance of the Board of Supervisors

The Board of Supervisors earnestly implemented the work plan for the organic integration of party leadership with enhanced corporate governance, ensuring that party leadership permeated the entire process and all aspects of the supervisory work of the Board of Supervisors. In 2025, 61 important proposals submitted to the Board of Supervisors for deliberation were preliminarily reviewed by the Party committee while the opinions of the Party committee were earnestly taken, so as to practically apply the procedure in which the Party committee sets the direction. The Board of Supervisors incorporated the implementation of the Party Central Committee's decisions and policies, the integration of Party leadership with corporate governance, and other related aspects into the 2024 performance evaluation of Directors, Supervisors, and Senior Management who are also Head Office Party Committee members. This promoted improvement in the quality and effectiveness of Party leadership and governance of the Board of Supervisors.

Optimize the supervisory mechanism, and enhance the quality and effectiveness of the supervisory functions of the Board of Supervisors

(I) Deepening the efficiency of deliberation and supervision. The Bank convened nine meetings of the Board of Supervisors, to review and deliberate on 86 proposals and reports; organized and held six meetings for the Special Committee of the Board of Supervisors, to review 13 proposals. Supervision comprehensively covers seven key areas, including financial and operational decision-making, risk management, internal audit, performance-based remuneration, strategic management, and duty performance standards, while also addressing regulatory concerns such as consumer rights protection, data governance, case prevention, and regulatory rectification. A total of 54 implementation notices formed by the opinions and recommendations put forward by the Supervisors for resolutions passed at meetings of the Board of Supervisors were issued and promptly sent to the relevant departments for action. All supervisory opinions and recommendations put forward by the Supervisors in 2025 have been effectively implemented.

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(II) Implementing attendance supervision. Supervisors were organized to attend five Shareholders' General Meeting and seven on-site meetings of the Board of Directors in 2025. This allowed them to supervise the decision making process on major issues such as overall operation and financial management, profit distribution, risk prevention and control, internal control and compliance, capital management, related party transactions and director election, thus ensuring timely awareness of the daily performance of Directors and Senior Management. The Board of Supervisors appointed an external supervisor as the chief scrutineer to supervise the deliberation, voting and counting process at the Shareholders' General Meeting, so as to effectively ensure the openness, fairness, and impartiality of the decision-making results of the Shareholders' General Meeting, and continuously protect the legitimate rights and interests of all shareholders, the Bank, and stakeholders.

(III) Optimizing inquiry-based supervision. The Board of Supervisors focused on tasks such as central inspection and rectification, credit card risks, information technology risks, external audit, and regulatory data reporting. It sent 7 Letters of Work of the Board of Supervisors to departments at the head office and the credit card center, compiled supervision reports, promptly shared them with Directors, Supervisors, and Senior Management for review, and continuously broadened the scope of supervision, so as to constantly improve the supervision scope and timeliness for the Board of Supervisors. Additionally, it enhanced the exchange and sharing of supervisory information among corporate governance entities.

(IV) Conducting survey-based supervision. In collaboration with the Directors, the Board of Supervisors conducted on-site research at the Hefei and Hangzhou branches. They held discussions with branch leadership teams and mid-level cadres, actively addressing questions and providing guidance on implementing the Party Central Committee's decisions and deployments, advancing the "Five Major Sectors" of finance, promoting the integrated rectification of issues identified in central inspections and internal/external audits, executing the 14th Five-Year Plan, risk prevention and control, internal control compliance, and consumer protection. They also visited key local clients. A dedicated research report was produced to promote the effective implementation of research opinions and effectively enhance the value of research and supervision.

(V) Enhancing performance evaluations. The Board of Supervisors continuously improved its performance supervision and evaluation system, which is built on daily performance supervision and centered on annual performance assessments, and conducted the 2024 performance evaluation for Directors,

Supervisors, and Senior Management in accordance with laws and regulations. The Board of Supervisors also improved the implementation process of performance evaluation. By combining quantitative and qualitative analyses, it objectively evaluated the annual performance of Directors, Supervisors, and Senior Management in 2024 on the basis of self-assessment, peer evaluation among Directors, Supervisors, and Senior Management, as well as assessments of Directors and Senior Management by the Board of Directors. This evaluation was documented in a performance evaluation report, which is submitted to regulatory authorities for review after approval by the Board of Supervisors and notified to the Shareholders' General Meeting.

Focus on key supervision areas to enhance the supervision quality and effectiveness of the Board of Supervisors

During the reporting period, the Board of Supervisors focused on key supervision areas, intensified its performance supervision efforts, and offered constructive supervision opinions and suggestions, effectively fulfilling its statutory supervisory responsibilities.

(I) Strengthening the capability of implementing the CPC Central Committee's deployments and arrangements and contributing to the overall interests. The Board of Supervisors deliberated on proposals concerning annual operating plans, and green finance development reports, social responsibility reports. A total of 3 implementation notices for resolutions passed were issued and sent. It recommended the management to earnestly implement the spirit of the Central Financial Work Conference, carry out the "333 Strategy" of the Group and the work arrangements of the Party Committee of the Bank, thoroughly advance the "Five Major Sectors" of finance, proactively serve national strategies, and actively fulfill the political responsibilities of a member unit of central financial enterprises.

(II) Enhancing supervision of strategic management to drive improvements in the effectiveness of plan execution. The Board of Supervisors reviewed the 2024 Execution Evaluation Report of the "14th Five-Year" Development Plan. One implementation notice for resolutions passed was issued and sent. It recommended that the Management closely monitors the established targets of the 14th Five-Year Plan, focus on the gaps in the implementation of the plan, strengthen the construction of strategic execution capabilities, and strive to comprehensively narrow the gap in achieving the plan's objectives, ensuring a smooth conclusion to the 14th Five-Year Plan.

(III) Enhancing financial and capital supervision to improve operational and management standards. The Board of Supervisors reviewed and deliberated on proposals concerning financial budgets and execution, annual final accounts reports, preliminary profit distribution plans, internal capital adequacy assessment reports, and capital plans for 2025-2029. A total of 7 implementation notices for resolutions passed were issued and sent. It urged the Management to strengthen revenue increase, cost reduction, transformation, risk control and compliance by rigorously advancing key initiatives, intensify business expansion, strengthen meticulous cost management, and strive to achieve the annual budget targets. It deepened the concept of capital constraints, coordinated the strengthening of both the total amount and structural management of capital, dynamically optimized asset portfolio allocation, and enhanced the efficiency of the intensive use of capital.

(IV) Enhancing supervision of risk management to enhance the capacity for risk prevention and mitigation. The Board of Supervisors reviewed and deliberated on various proposals and reports, including the risk appetite policy, comprehensive risk management report, risk management report in various categories, comprehensive risk stress testing, internal risk assessment and model validation, recovery and disposal of non-performing assets, and the implementation of the expected credit loss method. A total of 9 implementation notices for resolutions passed were issued and sent. It urged the Management to strengthen comprehensive risk management in accordance with the “four early” principle, improve risk early warning and response mechanisms, adopt multiple measures to enhance the foresight and effectiveness of risk management, strictly control business entry and process management, strengthen the prevention and resolution of risks in key areas, and continuously improve asset quality.

(V) Enhancing internal control and compliant supervision to promote internal control management. The Board of Supervisors reviewed and deliberated on proposals and reports concerning internal control assessment, compliant risk management, employee conduct assessment, related party transactions, and consolidated management. A total of 8 implementation notices for resolutions passed were issued and sent. It urged the Management to ensure all parties fulfill their compliance responsibilities, enhance risk control mechanisms by learning from past experiences, and deepen the construction of the case prevention system. It employed technological means to strengthen the rigid management and control of related-party transactions, reinforced the whole-process management of consolidated risks, and intensified management guidance for subsidiaries.

(VI) Enhancing internal audit supervision and improving the quality of audit work. The Board of Supervisors reviewed and deliberated on proposals and reports concerning the annual internal audit work report and work plan, and problems found in internal audit and subsequent rectification. A total of 2 implementation notices for resolutions passed were issued and sent. It urged the Management to optimize the allocation of audit resources, continuously expand the depth of audit work, strengthen horizontal coverage and in-depth supervision of risk management, internal control compliance, and key business areas, deepen the application of internal audit outcomes, and continuously enhance the ability of audit services to support the overall development of the Bank.

(VII) Enhancing performance-based compensation supervision to optimize the incentive and constraint mechanism. The Board of Supervisors reviewed the performance evaluation results and compensation distribution for Senior Management, the deferred payment and recovery of performance-based compensation of employees, and other proposals. A total of 5 implementation notices for resolutions passed were issued and sent. It recommended that the Management enhances the retrospective assessments of the performance evaluation results for Senior Management, consistently implements employee performance-based compensation and recovery policies, and ensure consistency between remuneration and risk exposure.

(VIII) Strengthening the supervision of consumer rights protection to improve customer service capability. The Board of Supervisors reviewed proposals concerning the work summary and work plan for annual consumer rights protection, and rectification work plan for consumer rights protection. A total of 3 implementation notices for resolutions passed were issued and sent. It recommended that the Management deepens governance by focusing on key areas and weak aspects in consumer protection, strengthen coordination between headquarters and branches as well as cross-departmental collaboration, refine the full-cycle consumer protection management system, implement regulatory evaluation and rectification, and enhance the precision and digitalization of consumer protection governance.

Corporate Governance

Enhance performance support and promote the completion of corporate governance structure reform.

The Board of Supervisors directed its office to provide professional and efficient support services for performing duties, implement multiple measures to enhance the capabilities of supervisors in performing their duties, and effectively advance the implementation of the reform tasks of the Board of Supervisors. First, the Board of Supervisors improved the management of its individuated files to ensure a more refined and detailed management of their performance. Second, it strengthened information support services. Throughout the year, more than 30 reference materials were sent to the supervisors, such as monthly management briefs, anti-money laundering quarterly reports, and special audit reports. Meanwhile, the Board of Supervisors assisted supervisors in purchasing corporate governance reference books and helped them perform their duties efficiently. Third, in accordance with the unified deployment of higher authorities, the Board of Supervisors steadily and orderly advanced its reform, strengthened communication with supervisors, meticulously handled tasks related to the reform such as structural adjustments, functional transfers, and personnel reassignments, and drove the establishment, revision, and abolition of relevant systems to ensure the timely and smooth completion of the reform tasks.

Independent Opinions of the Board of Supervisors on Relevant Matters

Legitimate business

During the reporting period, the Bank carried out operations in strict compliance with all applicable laws and regulations. The decision-making procedure of the Bank met relevant requirements of laws and regulations, regulatory requirements and the Articles of Association of the Bank. The Board of Supervisors did not find that the Bank's Directors and Senior Management violated laws and regulations, regulatory provisions, the Bank's Articles of Association or other acts that harmed the interests of the Bank and shareholders in the performance of their duties.

Financial reporting

During the reporting period, BDO CHINA Shu Lun Pan Certified Public Accountants LLP audited the 2024 Financial Statements prepared by the Bank in accordance with Chinese Accounting Standards (CASs) and International Financial Reporting Standards (IFRSs). The Board of Supervisors believes that the 2024 financial statements of the Bank are prepared and audited in accordance with legal and regulatory requirements and give a true, fair and comprehensive view on the Bank's actual operation.

Preliminary profit distribution plan

During the reporting period, the Board of Supervisors considered and approved the 2024 Preliminary Profit Distribution Plan of China Guangfa Bank, concluded that the preliminary profit distribution plan for 2024 and decision-making procedures were in compliance with requirements of laws, regulations, regulatory requirements and the Article of Association of the Bank while giving consideration to the current and long-term interests of shareholders of the Bank and taking full account of, among others, the Bank's capital adequacy level, strategic development requirements and external regulations, thus determined such plan is in line with the actual conditions of the Bank and agreed on its submission to the Shareholder's General Meeting for deliberation.

Related party transactions

During the reporting period, the Board of Supervisors considered and approved the Proposal on Report on Related Party Transactions of China Guangfa Bank for 2024, the Proposal on the Conduct of Related Party Transactions involving Credit Exposure between China Guangfa Bank and Beijing Renewable Energy, the Proposal on the Signing of the Supplementary Agreement to the Agreement Deposit Contract for RMB Between China Guangfa Bank and China Life Insurance Company Limited and the Proposal on the Conduct of Related Party Transactions involving Credit Exposure between China Guangfa Bank and China CITIC Bank, and required the Management to strictly adhere to compliance, fairness, necessity requirements and the principle of substance over form, ensuring standardized execution of related party transaction identification, pricing, approval, reporting, and disclosure processes. It also required the use of technological means to strengthen rigid control and ensure that related party transaction management was legal and compliant; comply with the regulatory requirements for the disclosure and reporting of related party transaction information and effectively prevent related party transaction risks. No related party transactions of the Bank were found to violate the principle of fairness or damage the interests of the Bank and its shareholders.

Internal control

During the reporting period, the Board of Supervisors considered and approved the Proposal on the 2024 Internal Control Evaluation Report of China Guangfa Bank, believed that as of the base date of the 2024 Internal Control Evaluation Report, no major deficiencies were found in the Bank's internal control over financial reporting, nor in internal control over nonfinancial reporting, and agreed with the report.

Implementation of information disclosure system

During the reporting period, the Bank fulfilled its information disclosure obligations in compliance with laws, regulations and regulatory requirements, conscientiously implemented the information disclosure management system, disclosed information in a timely manner within the prescribed time limits, and disclosed truthful, accurate and complete information.

Implementation of resolutions of Shareholders' General Meeting

During the reporting period, the Board of Supervisors had no objections to the proposals and reports submitted by the Board of Directors to the Shareholders' General Meeting and concluded that the Board of Directors had conscientiously implemented the relevant resolutions of Shareholders' General Meeting.

Information on Senior Management

The President of the Bank is responsible to the Board of Directors. Vice Presidents and other Senior Management shall assist the President's work. The authority of Senior Management and the Board of Directors are separated strictly in accordance with corporate governance policies including the Articles of Association of the Bank.

The specialized committees under Senior Management of the Bank include: Budget Management Committee, Central Procurement Committee, Financial Examination Committee, Comprehensive Financial Committee, Consumer Rights Protection Committee, Performance Management Committee, Corporate Annuity Management Committee, School Affair Committee of CGB Party School (CGB Training Institute), Internal Control Compliance and Risk Management Committee, Business Continuity Management Committee, Accountability Committee, Confidentiality Committee, Brand Building Committee, Technology Management Committee, Non-performing Asset Disposal Approval Committee, Asset and Liabilities Management Committee, Credit Approval Committee, Audit Committee, Retail Product Review Committee, Corporate Product Review Committee, and Financial Market Product Review Committee.

Confirmation of the Bank's Annual Report 2025 by Directors and Senior Executives

We, as Directors and Senior Executives of China Guangfa Bank Co., Ltd., have thoroughly understood and reviewed the Bank's 2025 Annual Report, and hereby issue our opinions as follows:

- I. Operations of the Bank are in strict compliance with the Accounting Standards for Business Enterprises, the Accounting Regulations for Business Enterprises, the Accounting Regulations for Financial Enterprises and relevant provisions; and the Bank's 2025 Annual Report gives a fair view of financial position and operating results of the Bank for the reporting period.
- II. The Bank's financial statements for 2025 have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP in accordance with China Standards on Auditing for Certified Public Accountants, which issued a standard unqualified audit report.
- III. We confirm that the information disclosed in the Bank's Annual Report 2025 is authentic, accurate and complete, and we confirm that there is no misrepresentation or misleading statement contained or material omission from it. We undertake individual and several liability for the authenticity, accuracy and completeness of its content.

Signatures of Directors and Senior Executives

Name	Name
Cai Xiliang	Lin Zhaohui
Lin Xuebing	Liu Hui
Yang Dongwei	Xu Yuehong
Zhang Linfu	Chen Shimin
Zhao Xudong	Wang Xi
Li Defeng	Luo Yubing
Lin Deming	Li Xiaoshui
Li Bing	Yang Lin
Zhang Kai	Li Huaigen
Jin Qian	

Documents Available for Inspection

- I. The original copy of written confirmation opinions of the Annual Report 2025 by Directors and Senior Executives of the Bank.
- II. The original audit report with Certified Public Accountant Firm's chop affixed, signed and sealed by Certified Public Accountants.
- III. Articles of Association of China Guangfa Bank Co., Ltd.

**Digital intelligence drives innovation
and sustainable development, while
institutional reform catalyzes structural
transformation and industrial upgrading**





— 保 险 · 投 资 · 银 行 —

We actively integrated into the broader framework of building Digital China and comprehensively advanced digital transformation. We accelerated the cultivation of new productive forces and deepened the innovative application of technologies such as big data and artificial intelligence in financial business scenarios. We continuously promoted the Group's collaborative innovation upgrade initiative to enhance our value creation capabilities. We drove innovation through reform and lead breakthroughs through innovation, forging ahead with determination on the path of transformation and upgrading, contributing Guangfa's strength to building a financial powerhouse.



Auditor's Report



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Auditor's Report

(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2026] No. ZA33339

To the Board of Directors of China Guangfa Bank Co., Ltd.:

(I) Opinion

We have audited the accompanying financial statements of China Guangfa Bank Co., Ltd. (the "Bank"), which comprise the consolidated and bank's balance sheets as at 31 December 2025, the consolidated and bank's income statements, the consolidated and bank's statements of changes in shareholders' equity and the consolidated and bank's statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and bank's financial position as at 31 December 2025 and the consolidated and bank's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("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 Bank in accordance with China Independence Standard for Certified Public Accountants No. 1 – Independence for Audit and Review Engagements and China Code of Ethics for Certified Public Accountants ("the CICPA Code") and have fulfilled our other ethical responsibilities in accordance with the CICPA Code. The independence requirements for audits of public interest entities have been applied in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(III) Other information

Management of the Bank ("management") is responsible for the other information. The other information comprises all of the information included in the 2025 annual report of the Bank, 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 the other information, we are required to report that fact. We have nothing to report in this regard.



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Auditor's Report (Continued)
(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2026] No. ZA33339

(IV) 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 requirements of Accounting Standards for Business Enterprises, 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 Bank's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

(V) 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 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 judgement and maintain professional skepticism 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.

Auditor's Report



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

Auditor's Report (Continued)
(English Translation for Reference Only)

Xin Kuai Shi Bao Zi [2026] No. ZA33339

(V) Auditor's responsibilities for the audit of the financial statements (continued)

- (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 Bank'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 Bank to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents 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 Bank to express an opinion on the consolidated 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.

BDO CHINA Shu Lun Pan
Certified Public Accountants LLP

Certified Public Accountant of China: _____
Ma Qiang

Certified Public Accountant of China: _____
Li Jie

Consolidated Balance Sheet

At 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Group	
		31 December 2025	31 December 2024
Assets			
Cash and due from central banks	1	146,736	153,784
Due from banks and other financial institutions	2	10,016	7,622
Precious metals		4,194	1,187
Placements with banks and other financial institutions	3	98,134	93,125
Derivative financial assets	4	12,063	14,627
Financial assets held under resale agreements	5	45,620	204,960
Loans and advances to customers	6	2,109,964	2,077,353
Financial investments			
– Financial assets held for trading	7	141,299	136,103
– Debt investments	8	534,345	465,033
– Other debt investments	9	568,439	433,848
– Investments in other equity instruments	10	5,336	5,417
Fixed assets	12	10,217	9,424
Construction in progress	13	1,066	1,858
Intangible assets	14	6,961	7,260
Right-of-use assets	15	4,303	4,383
Deferred tax assets	16	18,863	15,997
Other assets	17	14,298	13,012
TOTAL ASSETS		3,731,854	3,644,993

Consolidated Balance Sheet

At 31 December 2025 Expressed in millions of Renminbi

		The Group	
		31 December 2025	31 December 2024
		Note VII	
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to central banks		80,002	22,638
Due to banks and other financial institutions	19	405,063	376,598
Placements from banks and other financial institutions	20	88,815	64,091
Financial liabilities held for trading	21	2,542	953
Derivative financial liabilities	4	7,843	13,623
Financial assets sold under repurchase agreements	22	229,626	148,331
Customer deposits	23	2,190,040	2,257,249
Employee benefits payable	24	11,668	10,619
Taxes payable	25	5,722	5,855
Provisions	26	1,836	2,010
Lease liabilities	27	4,336	4,364
Bonds issued	28	393,194	430,825
Other liabilities	29	6,111	8,826
Total liabilities		3,426,798	3,345,982

Consolidated Balance Sheet

At 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Group	
		31 December 2025	31 December 2024
LIABILITIES AND SHAREHOLDERS' EQUITY			
(continued)			
Shareholders' equity			
Share capital	30	21,790	21,790
Other equity instruments	31	50,000	50,000
Capital reserve	32	53,307	53,307
Other comprehensive income	33	4,994	9,115
Surplus reserve	34	20,165	18,888
General reserve	35	43,993	43,640
Retained earnings	36	110,807	102,271
Total shareholders' equity		305,056	299,011
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,731,854	3,644,993

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

The financial statements on page 133 to 326 signed by:

Lin Zhaohui
Legal representative and President

Li Xiaoshui
Vice President in Charge of Finance

Sun Guangming
Person in Charge of the Finance Department

Bank's Balance Sheet

At 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Bank	
		31 December 2025	31 December 2024
Assets			
Cash and due from central banks	1	146,736	153,784
Due from banks and other financial institutions	2	8,941	6,784
Precious metals		4,194	1,187
Placements with banks and other financial institutions	3	98,134	93,125
Derivative financial assets	4	12,063	14,627
Financial assets held under resale agreements	5	45,220	204,960
Loans and advances to customers	6	2,109,964	2,077,353
Financial investments			
– Financial assets held for trading	7	139,829	134,653
– Debt investments	8	531,599	461,834
– Other debt investments	9	568,439	433,697
– Investments in other equity instruments	10	5,336	5,417
Long-term equity investments	11	5,079	5,079
Fixed assets	12	10,212	9,414
Construction in progress	13	1,066	1,858
Intangible assets	14	6,885	7,162
Right-of-use assets	15	4,290	4,377
Deferred tax assets	16	18,862	15,997
Other assets	17	14,172	12,889
TOTAL ASSETS		3,731,021	3,644,197

Bank's Balance Sheet

At 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Bank	
		31 December 2025	31 December 2024
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to central banks		80,002	22,638
Due to banks and other financial institutions	19	405,318	376,652
Placements from banks and other financial institutions	20	88,815	64,091
Financial liabilities held for trading	21	2,542	953
Derivative financial liabilities	4	7,843	13,623
Financial assets sold under repurchase agreements	22	229,626	148,331
Customer deposits	23	2,190,040	2,257,249
Employee benefits payable	24	11,643	10,581
Taxes payable	25	5,698	5,834
Provisions	26	1,836	2,008
Lease liabilities	27	4,323	4,357
Bonds issued	28	393,194	430,825
Other liabilities	29	6,102	8,814
Total liabilities		3,426,982	3,345,956

Bank's Balance Sheet

At 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Bank	
		31 December 2025	31 December 2024
LIABILITIES AND SHAREHOLDERS' EQUITY			
(continued)			
Shareholders' equity			
Share capital	30	21,790	21,790
Other equity instruments	31	50,000	50,000
Capital reserve	32	53,307	53,307
Other comprehensive income	33	4,994	9,106
Surplus reserve	34	20,165	18,888
General reserve	35	43,697	43,380
Retained earnings	36	110,086	101,770
Total shareholders' equity		304,039	298,241
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,731,021	3,644,197

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

Consolidated Income Statement

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

		The Group	
		2025	2024
	Note VII		
Interest income		107,272	117,463
Interest expenses		(59,284)	(67,812)
Net interest income	37	47,988	49,651
Fee and commission income		14,157	15,630
Fee and commission expenses		(4,089)	(4,656)
Net fee and commission income	38	10,068	10,974
Investment income	39	6,728	6,672
Including: Income from the derecognition of financial assets measured at amortised cost		1,597	1,555
Gains/(losses) arising from changes in fair value	40	(1,840)	1,450
Foreign exchange gains	41	918	360
Other operating income		53	62
Gains from disposals of assets		15	34
Other income		12	34
Revenue		63,942	69,237
Taxes and surcharges	42	(823)	(837)
Operating and administrative expenses	43	(24,436)	(26,059)
Impairment losses on assets		(23,542)	(23,468)
Including: Credit impairment losses	44	(23,539)	(23,465)
Other assets impairment losses		(3)	(3)
Other operating expenses		-	-
Operating expenses		(48,801)	(50,364)
Operating profit		15,141	18,873
Add: Non-operating income		91	115
Less: Non-operating expenses		(315)	(606)
Profit before income tax		14,917	18,382
Less: Income tax expenses	45	(1,888)	(3,098)
Profit for the year		13,029	15,284
– Attributable to shareholders of the Bank		13,029	15,284

Consolidated Income Statement

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Group	
		2025	2024
Earnings per share			
– Basic and diluted earnings per share (in RMB)		0.54	0.61
Other comprehensive income, net of tax:	33	(4,112)	5,519
Items that may not be reclassified subsequently to profit or loss		(10)	476
1. Changes in fair value of investments in other equity instruments		(10)	476
Items that may be reclassified subsequently to profit or loss		(4,102)	5,043
1. Changes in fair value of other debt investments		(3,933)	4,768
2. Provision for credit impairment of other debt investments		30	48
3. Change in fair value of loans and advances to customers measured at fair value through other comprehensive income		(94)	115
4. Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income		(100)	43
5. Cash flow hedge reserve		(30)	–
6. Exchange differences on translation of financial statements and others		25	69
Total comprehensive income		8,917	20,803

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

Bank's Income Statement

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

		The Bank	
	Note VII	2025	2024
Interest income		107,171	117,352
Interest expenses		(59,292)	(67,814)
Net interest income	37	47,879	49,538
Fee and commission income		13,848	15,304
Fee and commission expenses		(4,089)	(4,656)
Net fee and commission income	38	9,759	10,648
Investment income	39	6,666	6,635
Including: Income from the derecognition of financial assets measured at amortised cost		1,587	1,549
Gains/(losses) arising from changes in fair value	40	(1,831)	1,433
Foreign exchange gains	41	918	360
Other operating income		61	133
Gains from disposals of assets		15	34
Other income		11	15
Revenue		63,478	68,796
Taxes and surcharges	42	(821)	(835)
Operating and administrative expenses	43	(24,288)	(25,885)
Impairment losses on assets		(23,542)	(23,468)
Including: Credit impairment losses	44	(23,539)	(23,465)
Other assets impairment losses		(3)	(3)
Other operating expenses		(8)	(71)
Operating expenses		(48,659)	(50,259)
Operating profit		14,819	18,537
Add: Non-operating income		91	115
Less: Non-operating expenses		(303)	(606)
Profit before income tax		14,607	18,046
Less: Income tax expenses	45	(1,834)	(3,040)
Profit for the year		12,773	15,006

Bank's Income Statement

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

		The Bank	
	Note VII	2025	2024
Earnings per share			
– Basic and diluted earnings per share (in RMB)		0.53	0.60
Other comprehensive income, net of tax:	33	(4,103)	5,513
Items that may not be reclassified subsequently to profit or loss		(10)	476
1. Changes in fair value of investments in other equity instruments		(10)	476
Items that may be reclassified subsequently to profit or loss		(4,093)	5,037
1. Changes in fair value of other debt investments		(3,925)	4,764
2. Provision for credit impairment of other debt investments		30	48
3. Change in fair value of loans and advances to customers measured at fair value through other comprehensive income		(94)	115
4. Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income		(100)	43
5. Cash flow hedge reserve		(30)	–
6. Exchange differences on translation of financial statements and others		26	67
Total comprehensive income		8,670	20,519

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

Consolidated Statement of Changes in Shareholders' Equity

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total
1 January 2025		21,790	50,000	53,307	9,115	18,888	43,640	102,271	299,011
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	13,029	13,029
2. Other comprehensive income	33	-	-	-	(4,112)	-	-	-	(4,112)
Total comprehensive income		-	-	-	(4,112)	-	-	13,029	8,917
3. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,277	-	(1,277)	-
- Appropriation to general reserve	35	-	-	-	-	-	353	(353)	-
- Dividends	36	-	-	-	-	-	-	(1,671)	(1,671)
- Perpetual bond interest	36	-	-	-	-	-	-	(1,201)	(1,201)
		-	-	-	-	1,277	353	(4,502)	(2,872)
4. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings	10	-	-	-	(9)	-	-	9	-
31 December 2025		21,790	50,000	53,307	4,994	20,165	43,993	110,807	305,056

Consolidated Statement of Changes in Shareholders' Equity

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total
1 January 2024		21,790	44,991	53,316	3,530	17,387	40,684	95,287	276,985
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	15,284	15,284
2. Other comprehensive income	33	-	-	-	5,519	-	-	-	5,519
Total comprehensive income		-	-	-	5,519	-	-	15,284	20,803
3. Capital movement from equity holders									
- Capital contributed by other equity instruments holders	31	-	50,000	-	-	-	-	-	50,000
- Capital reduction by other equity instruments holders	31	-	(44,991)	(9)	-	-	-	-	(45,000)
		-	5,009	(9)	-	-	-	-	5,000
4. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,501	-	(1,501)	-
- Appropriation to general reserve	35	-	-	-	-	-	2,956	(2,956)	-
- Dividends	36	-	-	-	-	-	-	(1,752)	(1,752)
- Perpetual bond interest	36	-	-	-	-	-	-	(2,025)	(2,025)
		-	-	-	-	1,501	2,956	(8,234)	(3,777)
5. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings	10	-	-	-	66	-	-	(66)	-
31 December 2024		21,790	50,000	53,307	9,115	18,888	43,640	102,271	299,011

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

Bank's Statement of Changes in Shareholders' Equity

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total
1 January 2025		21,790	50,000	53,307	9,106	18,888	43,380	101,770	298,241
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	12,773	12,773
2. Other comprehensive income	33	-	-	-	(4,103)	-	-	-	(4,103)
Total comprehensive income		-	-	-	(4,103)	-	-	12,773	8,670
3. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,277	-	(1,277)	-
- Appropriation to general reserve	35	-	-	-	-	-	317	(317)	-
- Dividends	36	-	-	-	-	-	-	(1,671)	(1,671)
- Perpetual bond interest	36	-	-	-	-	-	-	(1,201)	(1,201)
		-	-	-	-	1,277	317	(4,466)	(2,872)
4. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings	10	-	-	-	(9)	-	-	9	-
31 December 2025		21,790	50,000	53,307	4,994	20,165	43,697	110,086	304,039

Bank's Statement of Changes in Shareholders' Equity

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	Share capital	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Total
1 January 2024		21,790	44,991	53,316	3,527	17,387	40,465	95,023	276,499
Changes in equity for the year:									
1. Profit for the year		-	-	-	-	-	-	15,006	15,006
2. Other comprehensive income	33	-	-	-	5,513	-	-	-	5,513
Total comprehensive income		-	-	-	5,513	-	-	15,006	20,519
3. Capital movement from equity holders									
- Capital contributed by other equity instruments holders	31	-	50,000	-	-	-	-	-	50,000
- Capital reduction by other equity instruments holders	31	-	(44,991)	(9)	-	-	-	-	(45,000)
		-	5,009	(9)	-	-	-	-	5,000
4. Appropriation of profit	36								
- Appropriation to surplus reserve	34	-	-	-	-	1,501	-	(1,501)	-
- Appropriation to general reserve	35	-	-	-	-	-	2,915	(2,915)	-
- Dividends	36	-	-	-	-	-	-	(1,752)	(1,752)
- Perpetual bond interest	36	-	-	-	-	-	-	(2,025)	(2,025)
		-	-	-	-	1,501	2,915	(8,193)	(3,777)
5. Internal transfer of equity									
- Transfer of other comprehensive income to retained earnings	10	-	-	-	66	-	-	(66)	-
31 December 2024		21,790	50,000	53,307	9,106	18,888	43,380	101,770	298,241

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

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Group	
		2025	2024
Cash flows from operating activities			
Net decrease in amounts due from central banks, and due from banks and other financial institutions		8,723	24,841
Net increase in amounts due to central banks		57,183	–
Net increase in placements from banks and other financial institutions and financial assets sold under repurchase agreements		105,726	–
Net increase in customer deposits and amounts due to banks and other financial institutions		–	34,941
Cash received from interest, fee and commission		102,193	115,996
Cash received relating to other operating activities		294	290
Sub-total of cash inflows		274,119	176,068
Net increase in placements with banks and other financial institutions and financial assets held under resale agreements		(24,405)	(8,482)
Net increase in loans and advances to customers		(55,220)	(78,907)
Net increase in financial assets held for trading		(30,095)	(1,123)
Net decrease in amounts due to central banks		–	(44,255)
Net decrease in placements from banks and other financial institutions and financial assets sold under repurchase agreements		–	(44,141)
Net decrease in customer deposits and amounts due to banks and other financial institutions		(35,933)	–
Cash paid for interest, fee and commission		(56,680)	(56,631)
Cash paid to and on behalf of employees		(14,554)	(15,334)
Payments of taxes and surcharges		(9,510)	(9,688)
Cash paid relating to other operating activities		(10,020)	(11,484)
Sub-total of cash outflows		(236,417)	(270,045)
Net cash flows from operating activities	46	37,702	(93,977)

Consolidated Statement of Cash Flows

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Group	
		2025	2024
Cash flows from investing activities			
Cash received from disposals of investments		449,403	394,599
Cash dividends received		69	57
Cash received from returns on investments		29,214	31,998
Net cash received from disposals of fixed assets and other assets		19	37
Sub-total of cash inflows		478,705	426,691
Cash paid to acquire investments		(636,635)	(415,004)
Cash paid to acquire fixed assets, intangible assets and other assets		(3,056)	(3,014)
Sub-total of cash outflows		(639,691)	(418,018)
Net cash flows from investing activities		(160,986)	8,673
Cash flows from financing activities			
Cash received from issuance of other equity instruments		–	50,000
Cash received from issuance of bonds issued		814,327	672,032
Sub-total of cash inflows		814,327	722,032
Cash payments for distribution of dividends		(1,741)	(1,690)
Cash payments for debt		(850,983)	(518,370)
Cash payments for redemption of other equity instruments		–	(45,000)
Interest paid on issuance of bonds issued		(10,010)	(8,697)
Cash payments for distribution of perpetual bond interest		(1,201)	(2,025)
Repayment of principal and interest on lease liabilities		(1,492)	(1,675)
Sub-total of cash outflows		(865,427)	(577,457)
Net cash flows from financing activities		(51,100)	144,575
Effect of foreign exchange rate changes on cash and cash equivalents		(166)	142
Net (decrease)/increase in cash and cash equivalents	46	(174,550)	59,413
Add: Cash and cash equivalents at the beginning of the year		268,344	208,931
Cash and cash equivalents at the end of the year	46	93,794	268,344

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

Bank's Statement of Cash Flows

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Bank	
		2025	2024
Cash flows from operating activities			
Net decrease in amounts due from central banks, and due from banks and other financial institutions		8,573	25,071
Net increase in amounts due to central banks		57,183	–
Net increase in placements from banks and other financial institutions and financial assets sold under repurchase agreements		105,726	–
Net increase in customer deposits and amounts due to banks and other financial institutions		–	34,970
Cash received from interest, fee and commission		101,849	115,635
Cash received relating to other operating activities		300	342
Sub-total of cash inflows		273,631	176,018
Net increase in placements with banks and other financial institutions and financial assets held under resale agreements		(24,405)	(8,482)
Net increase in loans and advances to customers		(55,220)	(78,907)
Net increase in financial assets held for trading		(30,067)	(1,381)
Net decrease in amounts due to central banks		–	(44,255)
Net decrease in placements from banks and other financial institutions and financial assets sold under repurchase agreements		–	(44,141)
Net decrease in customer deposits and amounts due to banks and other financial institutions		(35,732)	–
Cash paid for interest, fee and commission		(56,687)	(56,633)
Cash paid to and on behalf of employees		(14,466)	(15,247)
Payments of taxes and surcharges		(9,439)	(9,622)
Cash paid relating to other operating activities		(9,979)	(11,506)
Sub-total of cash outflows		(235,995)	(270,174)
Net cash flows from operating activities	46	37,636	(94,156)

Bank's Statement of Cash Flows

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

	Note VII	The Bank	
		2025	2024
Cash flows from investing activities			
Cash received from disposals of investments		448,815	394,342
Cash dividends received		69	57
Cash received from returns on investments		29,058	31,864
Net cash received from disposals of fixed assets and other assets		18	36
Sub-total of cash inflows		477,960	426,299
Cash paid to acquire investments		(636,635)	(414,794)
Cash paid to acquire fixed assets, intangible assets and other assets		(3,042)	(2,934)
Sub-total of cash outflows		(639,677)	(417,728)
Net cash flows used in investing activities		(161,717)	8,571
Cash flows from financing activities			
Cash received from issuance of other equity instruments		–	50,000
Cash received from issuance of bonds issued		814,327	672,032
Sub-total of cash inflows		814,327	722,032
Cash payments for distribution of dividends		(1,741)	(1,690)
Cash payments for debt		(850,983)	(518,370)
Cash payments for redemption of other equity instruments		–	(45,000)
Interest paid on issuance of bonds issued		(10,010)	(8,697)
Cash payments for distribution of perpetual bond interest		(1,201)	(2,025)
Repayment of principal and interest on lease liabilities		(1,482)	(1,658)
Sub-total of cash outflows		(865,417)	(577,440)
Net cash flows from financing activities		(51,090)	144,592
Effect of foreign exchange rate changes on cash and cash equivalents		(166)	142
Net (decrease)/increase in cash and cash equivalents	46	(175,337)	59,149
Add: Cash and cash equivalents at the beginning of the year		267,738	208,589
Cash and cash equivalents at the end of the year	46	92,401	267,738

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

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

I General information

China Guangfa Bank Co., Ltd. (the “Bank”) (formerly known as “Guangdong Develop Bank Co., Ltd.”) is a joint-stock commercial bank with limited liability incorporated in Guangzhou city of Guangdong Province in the People’s Republic of China (the “PRC”) in 1988 with the approval of the State Council of the PRC and the People’s Bank of China (the “PBOC”). The Bank is established with special placement, and registered in Guangdong Province Administration for Industry and Commerce to obtain a legal person business license. The registered address is 713 Dongfeng East Road, Yuexiu District, Guangzhou.

With the approval of the former China Banking Regulatory Commission on 27 January 2011, the Bank changed the name to “China Guangfa Bank Co., Ltd.”. The Bank obtained an updated financial license on 16 February 2011, and an updated business license for enterprises on 18 February 2011.

As at 31 December 2025, apart from the Head Office, the Bank has 49 direct branches in Beijing, Shanghai, Dalian, Shenyang, Zhengzhou, Nanjing, Hangzhou, Kunming, Guangzhou, Shenzhen, Dongguan, Zhuhai, Shantou, Meizhou, Huizhou, Shaoguan, Qingyuan, Zhongshan, Foshan, Jiangmen, Zhaoqing, Yangjiang, Zhanjiang, Wuhan, Maoming, Heyuan, Changsha, Tianjin, Harbin, Jinan, Urumqi, Chengdu, Fuzhou, Ningbo, Suzhou, Hefei, Chongqing, Xi’an, Shijiazhuang, Nanchang, Nanning, Taiyuan, Changchun, Guiyang, Qingdao, Haikou, Hohhot, Macau Special Administration Region of the PRC (“Macau”) and Hong Kong Special Administration Region of the PRC (“Hong Kong”) respectively.

The Bank’s principal activities are provision of corporate and retail deposits, loans and advances, settlement treasure and other financial services, custody of securities investment funds. The Bank mainly operates in Mainland China, Macau and Hong Kong.

For the purpose of these financial statements, Mainland China refers to the territory of the PRC excluding Hong Kong, Macau and Taiwan. Overseas refers to countries and regions other than Mainland China.

The “Group” comprises China Guangfa Bank Co., Ltd. and its subsidiary. As at 31 December 2025, the Bank has 1 subsidiary in total.

The subsidiary included in the scope of consolidation is listed in Note VII. 11.

II Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises – Basic and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (collectively referred to as the “ASBEs”).

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

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

III Statement of compliance with the ASBEs

The financial statements comply with the requirements of ASBEs and present truly and completely the financial position of the Group and the Bank as at 31 December 2025, and their financial performance, changes in shareholders' equity and cash flows for the year then ended.

IV Summary of principal accounting policies

1. Accounting year

The accounting year of the Group is from 1 January to 31 December.

2. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Group's domestic operations operate. Therefore, the Group's domestic operations choose RMB as their functional currency. The Group's overseas branches choose their functional currency on the basis of the primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

3. Business combinations

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

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 combination, and that control is not transitory.

The assets and liabilities (including goodwill arising from the ultimate controlling party's acquisition of the entity being absorbed) that are obtained by the absorbing entity in a business combination involving entities under common control shall be measured on the basis of their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The differences between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital premium under capital reserves. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Expenses directly related to the business combination are recognized in profit or loss when incurred. The transaction costs of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

IV Summary of principal accounting policies (continued)

3. Business combinations (continued)

Business combinations not involving entities under common control

A business combination not involving entities 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 combination.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date. Goodwill is initially recognised and measured at cost, being the excess of the cost of the combination over the Group's interest in the fair value of the acquiree's net identifiable assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where the cost of the combination is lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group reassesses the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If after that reassessment, the cost of the combination is still lower than the Group's interest in the fair value of the acquiree's net identifiable assets, the Group recognises the remaining difference in profit or loss. Expenses directly related to the business combination are recognized in profit or loss when incurred. The transaction costs of issuing equity securities or debt securities for business combination shall be included in the initial recognition amount of equity securities or debt securities.

4. Consolidated financial statements

The scope of the consolidated financial statements, which include the financial statements of the Bank and its subsidiary, is determined on the basis of control. A subsidiary is an entity that is controlled by the Bank (such as an enterprise, a deemed separate entity, or a structured entity controlled by the Bank). An investor controls an investee if and only if the investor has all the following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

If the accounting policies or the accounting period of a subsidiary are different from those of the Bank, necessary adjustments are made to the subsidiary's financial statements based on the Bank's own accounting policies or accounting period in preparing the consolidated financial statements.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

4. Consolidated financial statements (continued)

All significant intra-group balances, transactions and unrealised profits are eliminated in preparing the consolidated financial statements. The portion of subsidiary's owners' equity and the portion of subsidiary's profit or loss for the year and comprehensive income for the period not attributable to the Bank are recognised as minority interests, profit or loss attributable to minority interests and total comprehensive income attributable to minority interests, and presented separately in the consolidated financial statements under owners' equity, profit for the year and total comprehensive income respectively. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the balance of minority interests. Unrealised profits and losses resulting from the sale of assets by the Bank to its subsidiary are fully eliminated against profit for the year attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Bank are eliminated and allocated between profit for the year attributable to owners of the parent company and profit or loss attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between profit for the year attributable to owners of the parent and profit or loss attributable to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

For subsidiary acquired through business combinations not involving entities under common control, the financial performance and cash flows of the acquiree shall be consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. While preparing the consolidated financial statements, the Group shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognised on the acquisition date.

For subsidiary acquired through business combinations involving entities under common control, the financial performance and cash flows of the entity being absorbed shall be consolidated from the beginning of the period in which the combination occurs. While preparing the comparative financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity after the combination has been in existence since the date the ultimate controlling party first obtained the control.

The Group reassesses whether or not it controls an investee if any change in facts and circumstances indicates that there are changes to one or more of the three elements of control.

A change in the non-controlling interests, without a loss of control, is accounted for as an equity transaction.

IV Summary of principal accounting policies (continued)

5. Cash and cash equivalents

Cash and cash equivalents refer to short-term, highly liquid monetary assets held by the Group that are readily convertible to known amounts of cash and have little risk of changes in value, including cash, unrestricted due from central banks, short-term bond investments with an original maturity of less than three months, due from banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements.

6. Foreign currency translation

The Group translates foreign currency transactions into its functional currency.

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi as at the spot exchange rate on the date of 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 transactions. A rate that approximates the spot exchange rate is determined by a systematic and rational method, such as the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, except that exchange differences arising from hedging instruments used to hedge foreign exchange risks are accounted for under hedge accounting, and exchange differences resulting from changes in the carrying amount other than amortised cost of monetary items classified as fair value through other comprehensive income are recognised in other comprehensive income. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate as at the date the fair value is determined; Translation differences on non-monetary financial assets classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income. Other translation differences are recognised to profit or loss in the period.

Foreign currency financial statements of overseas branch are translated into Renminbi for the preparation of financial statements. Assets and liabilities in the financial statements denominated in foreign currencies are translated into Renminbi at the spot exchange rates ruling as at the end of the relevant periods. Equity items, excluding “retained earnings”, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operations are translated into Renminbi at the spot exchange rates or rates that approximate the spot exchange rates at the transaction dates. The resulting exchange differences are recognised in other comprehensive income. The exchange differences in equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

7. 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.

Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated balance sheets) when:

- (1) the rights to receive cash flows from the financial asset have expired; or
- (2) the Group has transferred the financial asset; and has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

A financial liability is derecognised when the obligation under the liability has been discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets under contracts whose terms require delivery within the time frame generally established by regulation or convention in the marketplace concerned. The trade date is the date that the Group committed to purchase or sell a financial asset.

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss. All affected related financial assets will be reclassified only if the Group changes its business model for managing financial assets.

Equity investments are those classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are listed as "financial assets held for trading" and "investments in other equity instruments". The debt investments, which are classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss based on its business model, cash flow characteristics as well as taking into account fair value options at the time of purchase, are listed as "debt investment", "other debt investment" and "financial assets held for trading".

Financial assets are measured at fair value on initial recognition, but accounts receivable or notes receivable arising from the sale of goods or rendering of services that do not contain significant financing components or for which the Bank has applied the practical expedient of not adjusting the effect of a significant financing component due within one year, are initially measured at the transaction price.

For financial assets at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to other financial assets are included in the initial recognition amounts.

At initial recognition, the Group may designate financial assets as financial assets at fair value through profit or loss if the designation can eliminate or significantly reduce accounting mismatch. Once the designation is made, it cannot be revoked.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Determination of fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. In valuation, the Group adopts valuation techniques applicable in the current situation and supported by adequate available data and other information, selects inputs with the same characteristics as those of assets or liabilities considered in relevant transactions of assets or liabilities by market participants, and gives priority to the use of relevant observable inputs. When relevant observable inputs are not available or feasible, unobservable inputs are adopted.

Business models

The Group's business model refers to how the Bank 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. If financial assets are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the business model of the financial assets is "other". The Group's assessment of the business model is performed on a financial assets portfolio basis, and determined on a reasonable expected scenario, taking into account: how cash flows were generated in the past, how the performance of the business model and the financial assets held within that business model is evaluated and reported to the Group's key management personnel; how risks are evaluated and managed; and how managers of the business are compensated.

Contractual cash flows characteristics

The assessments of the contractual cash flow characteristics aims to identify whether the contractual cash flow is only for the payment of principal and the interest of the outstanding amount. If financial assets are held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group then assess whether the asset's cash flows are solely payments of principal and interest. And during the assessments, the Group will consider if the contractual cash flow is consistent with basic lending arrangements, whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. If the terms of the contracts raise risks or volatility exposures that are inconsistent with the basic lending arrangements, the relevant financial assets will be classified as financial assets at fair value through profit or loss.

Financial assets containing embedded derivatives shall be analysed as a whole when determining whether contractual cash flows are solely payments of principal and interest.

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Contractual cash flows characteristics (continued)

The subsequent measurement of financial assets depends on the classification:

Debt investments measured at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest method. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Debt investments at fair value through other comprehensive income

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met: the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is recognised using the effective interest method. The interest income, impairment losses and foreign exchange revaluation are recognised in profit or loss. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Equity investments at fair value through other comprehensive income

The Group can elect to classify irrevocably its equity investments which are not held for trading as equity investments designated at fair value through other comprehensive income. Only the relevant dividend income (excluding the dividend income explicitly recovered as part of the investment cost) is recognised in profit or loss. Subsequent changes in the fair value are included in other comprehensive income, and no provision for impairment is made. When the financial asset is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with net changes in fair value recognised in profit or loss.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, or financial liabilities measured at amortised cost. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss, and transaction costs relating to financial liabilities measured at amortised cost are included in the initial recognition amounts.

Financial liabilities are designated as financial liabilities at fair value through profit or loss upon initial recognition when:

- (i) the designation can eliminate or significantly reduce inconsistencies in the recognition or measurement of related gains or losses arising from different measurement bases of financial instruments; or
- (ii) the formal written file of the Group's risk management or investment strategy have clearly stated that the financial instruments, are managed, evaluated and reported to key management personnel on the basis of fair value; or
- (iii) financial instruments contain one or more embedded derivatives, unless the embedded derivative does not significantly change the cash flows of the hybrid instrument or it is apparent that the embedded derivative should not be separated from the related hybrid instrument.

It is designated as financial liabilities held for trading at initial recognition and cannot be reclassified into other types of financial liabilities subsequently; Other types of financial liabilities cannot be reclassified as financial liabilities held for trading.

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Classification and measurement of financial liabilities (continued)

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

The financial liabilities are measured at fair value, and all gains or losses arising therefrom are included in the current profits and losses. Unless the financial liabilities are designated as financial liabilities measured at fair value with changes included in the current profits and losses, the gains or losses arising from the financial liabilities shall be treated in accordance with the following provisions:

- (i) The amount of changes in the fair value of the financial liabilities arising from changes in the Group's own credit risk shall be included in other comprehensive income;
- (ii) Other changes in the fair value of the financial liabilities are included in profit and loss.

When the financial liabilities is derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to retained earnings.

Financial liabilities measured at amortised cost

After initial recognition, such financial liabilities are measured at amortised cost using the effective interest method.

Impairment of financial instruments

The Group assesses expected credit losses based on forward-looking information. The Group recognises an allowance for expected credit losses ("ECLs") for the financial assets measured at amortised cost, debt investments at fair value through other comprehensive income, loan commitments and financial guarantee contracts.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Impairment of financial instruments (continued)

The Group assesses whether the credit risk has increased significantly since initial recognition at each balance sheet date. If the credit risk has not increased significantly since initial recognition (stage 1), the loss allowance is measured at an amount equal to 12-month ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if the credit risk has increased significantly since initial recognition but are not credit-impaired (stage 2), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the carrying amount and the effective interest rate; if such financial assets are credit-impaired after initial recognition (stage 3), the loss allowance is measured at an amount equal to lifetime ECLs by the Group and the interest income is calculated according to the amortised cost and the effective interest rate.

At each balance sheet date, the Group assesses whether the credit risk on the relevant financial instruments has increased significantly since initial recognition. The Group compares the risk of a default occurring as at the balance sheet date with the risk of a default as at the date of initial recognition, to determine changes in the risk of a default occurring of the financial instrument in the expected lifetime.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECLs in the previous reporting period, but determines at the current balance sheet date that the financial instrument no longer meets the condition that the credit risk has increased significantly since initial recognition, the Group shall measure the loss allowance at an amount equal to 12-month ECLs at the current balance sheet date. Reversal of loss allowance therefrom shall be recognised in profit or loss for the current period, as impairment gains, except for purchased or originated credit-impaired financial assets. At the current balance sheet date, the Group shall only recognise the cumulative changes in lifetime ECLs since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

Refer to Note XV. 2 for the disclosure of the Group's assumption about the measurement of ECLs.

When there are one or more events that have adverse effects on the expected future cash flows of a financial asset, the financial asset is credit-impaired.

When the Group no longer reasonably expects to collect all or part of the contractual cash flows of the financial asset, the Group directly writes down the carrying amount of the financial asset.

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Modification of financial assets

If the Group amends or rearranges the contract with its counterparty, which does not result in the derecognition of the financial assets, but changes the cash flow of the contract, the Group shall evaluate whether the credit risk of the relevant financial asset has increased significantly by comparing the risk of default of such assets after modification at the balance sheet date with the risk of default under the original terms at initial recognition. The gross carrying amount of the financial asset is recalculated and the related gain or loss is recognised in profit or loss for the current period. The gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate.

Offsetting of financial instruments

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset against each other. However, financial assets and financial liabilities are offset and the net amount is reported in the balance sheets if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Loan commitments and Financial guarantees contracts

The impairment allowance of loan commitments provided by the Group is measured by ECLs. 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.

Financial guarantee contracts are those contracts that require a payment to be made by the issuer to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are measured, on initial recognition, at fair value. For financial guarantee contracts that are not designated as financial liabilities at fair value profit or loss, they are, after initial recognition, subsequently measured at the higher of: (i) the amount of provisions for ECLs at the balance sheet date, and (ii) the amount initially recognised less the cumulative amortisation recognised in accordance with the guidance for revenue recognition.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECLs on the undrawn commitment component from those on the loan component, the ECLs on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined allowance for ECLs exceed the gross carrying amount of the loan, the ECLs are recognised as a provision.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Fair value is obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow analysis and option pricing models, as appropriate. Credit risk valuation adjustments are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group respectively. They are dependent on expected future values of exposures for each counterparty and default probabilities, etc. All derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profit or loss on the date of transaction.

For derivative financial instruments not related to hedge accounting, changes in the fair value of these derivatives are recognised in the income statement.

Transfer of financial assets

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the transferred asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

IV Summary of principal accounting policies (continued)

7. Financial instruments (continued)

Reverse repurchase and repurchase transactions

Assets sold under agreements to repurchase at a specified future date (“repos”) are not derecognised from the the balance sheets. The corresponding cash received is recognised on the the balance sheets as a “financial assets sold under repurchase agreements”. The difference between the sale and repurchase prices is treated as an interest expenses and is accrued over the life of the agreement using the effective interest rate method.

Conversely, assets purchased under agreements to resell at a specified future date (“reverse repos”) are not recognised on the the balance sheets. The corresponding cash paid, including accrued interest, is recognised on the the balance sheets as a “financial assets held under resale agreements”. The difference between the purchase and resale prices is treated as an interest income and is accrued over the life of the agreement using the effective interest rate method.

8. Hedge Accounting

Basis and accounting treatment for hedge accounting

To manage risk exposures arising from specific risks such as foreign exchange risk and price risk, the Group designates certain financial instruments as hedging instruments. The Group applies hedge accounting to hedges that meet the specified criteria.

At the inception of a hedging relationship, the Group formally designates the relevant hedging instruments and hedged items, and maintains formal written documentation of the hedging relationship, risk management objectives and risk management strategies. Such documentation includes specifying the hedging instrument, the related hedged item or transaction, the nature of the risk being hedged, and how the Group assesses the effectiveness of the hedging instrument in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk.

The Group discontinues hedge accounting if any of the following circumstances occur:

- A change in the risk management objective results in the hedging relationship no longer meeting the risk management objective;
- The hedging instrument expires, is sold, terminated or exercised;
- An economic relationship no longer exists between the hedged item and the hedging instrument, or the effect of credit risk begins to dominate the value changes resulting from the economic relationship between the hedged item and the hedging instrument;
- The hedging relationship no longer meets other criteria for the application of hedge accounting.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

8. Hedge Accounting (continued)

Where the discontinuation of hedge accounting affects only part of the overall hedging relationship, hedge accounting continues to apply to the remaining unaffected part.

Fair Value Hedges

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability, an unrecognised firm commitment, or a identifiable portion of such an asset, liability or firm commitment. Such changes in fair value are attributable to a particular risk and could affect profit or loss or other comprehensive income. The impact on other comprehensive income is limited to hedges of the exposure to changes in fair value of non-trading equity investments designated as at fair value through other comprehensive income. For fair value hedges, the gain or loss attributable to the hedged risk on the hedged item adjusts the carrying amount of the hedged item not measured at fair value and is recognised in profit or loss or other comprehensive income; the hedging instrument is remeasured at fair value, with the related gain or loss recognised in profit or loss or other comprehensive income.

For hedged items measured at amortised cost in fair value hedges, adjustments to the carrying amount arising from the application of hedge accounting are amortised using the recalculated effective interest rate from the commencement date of amortisation and are recognised in profit or loss. For hedged items that are financial assets measured at fair value through other comprehensive income in fair value hedges, cumulative recognised hedging gains or losses are amortised in the same manner and recognised in profit or loss, without adjusting the carrying amount of the financial asset.

When an unrecognised firm commitment is designated as a hedged item, cumulative subsequent changes in fair value of the firm commitment attributable to the hedged risk are recognised as an asset or liability, with the related gain or loss recognised in profit or loss. Changes in fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting when, after considering rebalancing, the hedging relationship no longer meets the criteria for hedge accounting, including when the hedging instrument expires, is sold, terminated or exercised. If the hedged item is derecognised, unamortised adjustments to the carrying amount are recognised in profit or loss.

IV Summary of principal accounting policies (continued)

8. Hedge Accounting (continued)

Basis and accounting treatment for hedge accounting (continued)

Cash Flow Hedges

The effective portion of gains or losses arising from the hedging instrument is recognised in other comprehensive income and accumulated in the cash flow hedge reserve; the ineffective portion is recognised in profit or loss. The amount of the cash flow hedge reserve is determined as the lower of the absolute amounts of: (i) cumulative gains or losses on the hedging instrument from the inception of the hedge; and (ii) cumulative changes in the present value of expected future cash flows on the hedged item from the inception of the hedge.

When the hedged item is a forecast transaction that results in the subsequent recognition of a non-financial asset or non-financial liability by the Group, or forms a firm commitment eligible for fair value hedge accounting, the amount previously recognised in other comprehensive income in the cash flow hedge reserve is reclassified to the initial carrying amount of the asset or liability. For cash flow hedges not covered by the above, the amount previously recognised in other comprehensive income in the cash flow hedge reserve is reclassified to profit or loss in the same periods during which the hedged forecast cash flows affect profit or loss. If a loss recognised in other comprehensive income in the cash flow hedge reserve is expected to be unrecoverable in whole or in part in future accounting periods, the unrecoverable portion is reclassified from other comprehensive income to profit or loss when such unrecoverability is expected.

When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, the cumulative amount in the cash flow hedge reserve is retained and accounted for in the manner described above; if the hedged future cash flows are no longer expected to occur, the cumulative amount in the cash flow hedge reserve is reclassified from other comprehensive income to profit or loss.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

8. Hedge Accounting (continued)

Hedge Effectiveness Assessment Method

The Group assesses whether hedging relationships meet hedge effectiveness requirements continuously at the inception of the hedge and in subsequent periods. A hedging relationship is deemed to meet hedge effectiveness requirements if all of the following conditions are satisfied:

- An economic relationship exists between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes resulting from the economic relationship between the hedged item and the hedging instrument.
- The hedge ratio of the hedging relationship is equal to the ratio of the quantity of the hedged item actually hedged by the Group to the quantity of the hedging instrument actually used to hedge that quantity.

If a hedging relationship ceases to meet hedge effectiveness requirements due to the hedge ratio, but the risk management objective for the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship by adjusting the quantity of the hedged item or hedging instrument in the existing hedging relationship to reinstate the hedge ratio to meet hedge effectiveness requirements.

9. Precious metals

Precious metals mainly include gold, silver and other precious metals.

Precious metals that are not related to the Group's precious metal trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. The Group's precious metals held for trading are initially and subsequently measured at fair value and changes in fair value are recorded in profit or loss for the current period.

IV Summary of principal accounting policies (continued)

10. Long-term equity investments

Long-term equity investments include equity investments in subsidiary, measured at its initial investment cost on acquisition.

Subsidiary

For a long-term equity investment where the Group can exercise control over the investee, the long-term investment is accounted for using the cost method in the Group's individual financial statements. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Under the cost method, the long-term equity investment is measured at its initial investment cost. When additional investment is made or the investment is recouped, the cost of long-term equity investment is adjusted accordingly. Cash dividends or profit distributions declared by the investee are recognised as investment income in profit or loss.

Upon disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss.

For the impairment test and calculation of impairment of long-term equity investment, please refer to Note IV. 17.

11. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Group and the cost of the asset can be measured reliably.

Fixed assets are initially measured at cost, by taking into account the effect of any asset retirement obligations. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. Fixed assets are presented at historical cost less accumulated depreciation and impairment provision.

Subsequent expenditures related to fixed assets that meet the recognition conditions shall be included in the cost of fixed assets and the book value of the replaced part shall be derecognized; Otherwise, it is recognized in profit or loss when it occurs.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

11. Fixed assets (continued)

Depreciation is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of the fixed assets are as follows:

Types of assets	Useful life	Estimated residual value rate	Annual depreciation rate
Properties and buildings	30 – 35 years	0% – 5%	2.7% – 3.3%
Computers and electronic equipments	5 years	5%	19%
Transportation and other equipments	5 years	5%	19%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and make adjustments if necessary.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

For the impairment test and calculation of impairment of fixed assets, please refer to Note IV. 17.

12. Construction in progress

Construction in progress comprises the actual costs of construction. These costs comprise various direct construction costs during the period of construction and other related expenditures. When an asset under construction is ready for its intended use, it is reclassified to fixed assets, intangible assets or other assets, and depreciation or amortization is provided for according to corresponding accounting policies. Construction in progress is not depreciated until the construction is completed and the asset is ready for its intended use. If the recoverable amount of construction in progress is less than its carrying amount, the carrying amount of construction in progress is reduced to its recoverable amount.

IV Summary of principal accounting policies (continued)

13. Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Group.

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. However, if the fair value of intangible assets acquired in a business combination can be measured reliably, they are separately recognized as intangible assets and measured at fair value.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives for such intangible assets are as follows:

Types of assets	Useful life	Amortization rate
Land use rights	30 – 50 years	2.00%-3.33%
Computer software	5 years	20%
Others	5 years	20%

Land use rights that are purchased by the Group are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Group, and relevant land use rights are accounted for as fixed assets and intangible assets, respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; they are accounted for as fixed assets if they cannot be reasonably allocated.

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at least at each year end and makes adjustment if necessary.

An intangible asset with an indefinite useful life is tested for impairment annually, irrespective of whether there is any indication that it may be impaired. Such asset is not amortised, but its useful life is reassessed in each accounting period. If there is evidence indicating that the useful life of the intangible asset is finite, it is accounted for using the above accounting policies applicable to intangible assets with finite useful lives.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

14. Research and development expenditure

The Group classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred.

Expenditure on the development phase is capitalised only when the Bank can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits (among other things, the Bank can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognised in profit or loss when incurred.

15. Long-term deferred expenses

Long-term deferred expenses include the expenditure for improvements to fixed assets held under leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term deferred expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation. If long-term deferred expenses are no longer expected to generate economic benefits to the Group in the future, they shall be recognised as expenses in the income statement of the current period.

16. Repossessed assets

Financial repossessed assets are initially recognised at fair value. Relevant transaction fees such as tax fees and advance litigation fees payable for obtaining repossessed assets are taken into the profit or loss or initial carrying amount according to the type of financial asset. Non-financial repossessed assets are initially recognised at fair value of the waived claims. Relevant transaction fees such as tax fees and advance litigation fees payable for obtaining repossessed assets are taken into the initial carrying amount of the repossessed assets. At the balance sheet date, when there are indicators that the recoverable amount is lower than carrying amount, the carrying amount is written down immediately to its recoverable amount.

Impairment losses on non-financial repossessed assets are accounted for in accordance with the accounting policies as set out in Note IV. 17.

IV Summary of principal accounting policies (continued)

17. Impairment of assets

The Group determines the impairment of assets, other than the impairment of deferred tax assets and financial assets, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Group. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

18. Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also employee benefits.

Short-term employee benefits

Short-term employee benefits include wages and salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

Notes to the Financial Statements

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IV Summary of principal accounting policies (continued)

18. Employee benefits (continued)

Post-employment benefits (defined contribution plans)

Statutory defined contribution plans

In accordance with the relevant laws and regulations, the employees of the Group participate in basic pension insurance and unemployment insurance schemes administered by the local government authorities. The Group calculates and contributes to the local government agencies the above pension and insurance schemes using applicable contribution bases and rates stipulated in the relevant local regulations in the period the employees providing their services to the Group. Contributions to these plans are recognised in the income statement or the cost of relevant assets as incurred.

Retirement benefit annuity plan

In addition to the basic pension insurance scheme, employees and early retirees of the Group also participate in a defined contribution plan established by the Group (the “Annuity Plan”). The Group and its employees are required to contribute a certain percentage of the employees’ previous year basic salaries to the Annuity Plan. The contribution is charged to the income statement or recognised in the cost of relevant assets when it incurs. 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. For overseas branches, the Annuity Plan is implemented in accordance with local laws and regulations.

Termination benefits

The Group provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Group recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: (i) when the Group cannot unilaterally withdraw an employment termination plan or a curtailment proposal; (ii) when the Group recognises costs or expenses for a restructuring that involves the payment of termination benefits.

Early retirement benefits

The Group pays early retirement benefits to those employees who accepted an early retirement arrangement. The early retirement benefits refer to the salaries and social security contributions to be paid to and for the employees who accept voluntary retirement before the normal retirement date prescribed by the State, as approved by management. The related benefit payments are made from the date of early retirement to the normal retirement date. The liability related to the early retirement benefit obligations as at each balance sheet date is calculated by the Group using the projected unit credit method and is recorded as a liability under “Employee benefits obligations” in the the balance sheets. The present value of the liability is determined by discounting the estimated future cash outflows using interest rates of RMB treasury bonds which have terms to maturity approximating the terms of the related liability. Differences resulting from changes in actuarial assumptions and benefit standard adjustments are recognised in profit or loss as incurred.

IV Summary of principal accounting policies (continued)

19. Provisions

An obligation related to a contingency shall be recognised as provisions when all of the following conditions are satisfied:

- (i) The obligation is a present obligation of the Group;
- (ii) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- (iii) A reliable estimate can be made of the amount of the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money as a whole. Provisions are reviewed at each balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

Loss provision for financial guarantee contracts and provision for loan commitments which are recognised on the basis of ECLs are presented as provisions.

20. Dividend

Dividends are recognised as a liability and deducted from equity when they are approved by the General Meeting and declared. Interim dividends are deducted from equity when they are approved and declared, and no longer at the discretion of the Group. Dividends that are approved after the balance sheet date are disclosed as an subsequent event.

21. Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and when the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expenses

The “Interest income” and “Interest expenses” in the Group’s income statement are the interest income and expenses calculated by using the effective interest method on financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial liabilities at amortised cost.

Notes to the Financial Statements

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IV Summary of principal accounting policies (continued)

21. Recognition of income and expenses (continued)

Interest income and expenses (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

For the purchased or originated credit-impaired financial assets, the Group calculates the interest income according to the amortised cost of the financial assets and the effective interest rate after credit adjustment since the initial recognition by the Group. The effective interest rate after credit adjustment refers to the estimated future cash flows of the acquired or originated financial assets with credit impairment in the expected duration, which is converted into the interest rate of amortised cost of the financial assets.

For the financial assets acquired or originated without any credit impairment, but incurred credit impairment in the subsequent period, the Group calculates the interest income in accordance with the amortised cost and the effective interest rate of the financial assets.

Fee and commission income

Fee and commission income is recognised when the Group fulfils the contract performance obligation, namely at a point in time or in the period of time the customer obtains the control over relevant services.

For a contract obligation at a point in time, the Group recognises the revenue when a customer is in control of the underlying services. For a contract obligation satisfied over time, the Group recognises the revenue based on the progress of the obligation fulfilment within that period of time.

Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and the customer's payment in the balance sheets.

A contract asset is the right to consideration in exchange for goods or services that the Group has transferred to a customer, and that right is conditioned on something other than the passage of time.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration or an amount of consideration is due from the customer, such as an amount of consideration that an entity has received before the transfer of the promised goods or services.

The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

IV Summary of principal accounting policies (continued)

22. Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government.

Government grants are recognised when all attaching conditions will be complied with and the grants will be received. 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; if fair value is not reliably determinable, it is measured at a nominal amount.

A government grant related to income is accounted for as follows: (i) if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and released in profit or loss or offset against related expenses over the periods in which the related costs are recognised; (ii) if the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss or offset against relevant expenses. A government grant relating to an asset shall be offset against the carrying amounts of relevant assets, or recognised as deferred income and amortised in profit or loss over the useful life of the related asset by annual instalments in a systematic and rational way (however, a government grant measured at a nominal amount is recognised directly in profit or loss). Where the assets are sold, transferred, retired or damaged before the end of their useful lives, the rest of the remaining deferred income is released to profit or loss for the period in which the relevant assets are disposed of.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

23. Deferred tax

Deferred tax is provided using the balance sheets liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) When the taxable temporary difference arises from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiary, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Notes to the Financial Statements

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IV Summary of principal accounting policies (continued)

23. Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

- (i) When the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of the deductible temporary differences associated with investments in subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

IV Summary of principal accounting policies (continued)

24. Leases

A lease is a contract whereby for a period of time, the lessor conveys the right to use an asset to the lessee in exchange for consideration.

The Group assesses at contract inception 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.

The Group as the lessee

The Group recognises lease liabilities and right-of-use assets, except for short-term leases and leases of low-value assets.

Right-of-use assets

At the commencement date of the lease, the Group recognises a right-of-use asset. Right-of-use assets are initially measured at cost. The cost of the right-of-use asset comprises: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date of the lease less any lease incentives received; (iii) any initial direct cost incurred; and (iv) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Group remeasures the lease liability for the revision to the lease payments and adjusts the carrying amount of the right-of-use assets accordingly. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If the Group is reasonably certain that the ownership of the underlying asset will be transferred to the Group at the end of the lease term, the Group depreciates the asset from the commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the assets from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

Impairment losses on right-of-use assets are accounted for in accordance with the accounting policies as set out in Note IV. 17.

Lease liabilities

At the commencement date of the lease, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and leases of low-value assets. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

24. Leases (continued)

The Group as the lessee (continued)

Lease liabilities (continued)

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognises such interest expenses in profit or loss, except those in the costs of the related asset as required. Variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss as incurred, except those in the costs of the related asset as required.

After the commencement date of the lease, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the Group remeasures the lease liability at the present value of revised lease payments upon a change in any of the following: in-substance fixed payments, the amounts expected to be payable under residual value guarantees, the index or rate used to determine lease payments, or the assessment or exercise of the purchase option, the renewal option or the option to terminate the lease.

Lease modification

The Group accounts for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

For a lease modification that is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification, and remeasures the lease liability by discounting the revised lease payments using a revised discount rate, except that the contract changes are accounted for by applying the practical expedient allowed by the Ministry of Finance. For a lease modification which decreases the scope of the lease or shortens the lease term, the Group decreases the carrying amount of the right-of-use asset, and recognises in profit or loss any gain or loss relating to the partial or full termination of the lease. For other lease modifications which lead to the remeasurement of lease liabilities, the Group correspondingly adjusts the carrying amount of the right-of-use asset.

IV Summary of principal accounting policies (continued)

24. Leases (continued)

The Group as the lessee (continued)

Short-term leases and leases of low-value assets

The Group considers a lease that, at the commencement date of the lease, has a lease term of 12 months or less, and does not contain any purchase option as a short-term lease; and a lease of the individual underlying asset with low value, when new, as a lease of low-value assets. The Group does not recognise the right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises lease payments on short-term leases and leases of low-value assets in the costs of the related asset or profit or loss on a straight-line basis over the lease term.

The Group as the lessor

The Group classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

As lessor of an operating lease

Rental income under an operating lease is recognised on a straight-line basis over the lease term, through profit or loss. Variable lease payments that are not included in the measurement of lease receivables are charged to profit or loss as incurred. Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

25. Fiduciary activities

Generally, the Group acts as agent, custodian or in any other fiduciary capacity to manage assets on behalf of the customer based on the agent agreements entered into with securities investment funds, wealth management products, insurance companies, trust companies, eligible overseas institutional investors, securities companies and other institutions. The Group provides services and charges fees only based on the agent agreement, but does not assume any risk or interest arising from the assets it manages on behalf of the customer. Such assets are not recognised in the balance sheets of the Group.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IV Summary of principal accounting policies (continued)

25. Fiduciary activities (continued)

The Group also runs entrusted loan business. According to the entrusted loan contract, as the intermediary, the Group grants loans to the borrowers based on the targeted borrowers, purpose, amounts, interest rate and repayment plans determined by the trustor. The Group is responsible for arranging and collecting the entrusted loans, and charges fees for the services it provides, but does not assume any risk or interest arising from the entrusted loans. The entrusted loans and entrusted loan funds are not recognised in the balance sheets of the Group.

Entrusted investments represent the investment and asset management services provided by the Group to third parties in accordance with the agreed investment plans. The third parties provide funding for the related investments. Income from such investment activities is collected on behalf of and paid to the third parties according to the relevant contractual terms.

26. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Instead of recognising such obligations, the Group only discloses commitments in Note XI to the financial statements. The Group will recognise them in provisions if they meet the recognition criteria for provisions.

27. Related party

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

The following parties are the related parties of the Bank:

- (1) Parent of the Bank;
- (2) Subsidiaries of the Bank;
- (3) Other entities controlled by the parent of the Bank;
- (4) Entities that have joint control over the Bank;

IV Summary of principal accounting policies (continued)

27. Related party (continued)

- (5) Entities that have significant influence over the Bank;
- (6) Joint ventures of the Group;
- (7) Associates of the Group;
- (8) Principal individual investors of the Bank and close family members of such individuals;
- (9) Key management personnel of the Bank or of the parent and close family members of such individuals;
- (10) Other entities controlled, jointly controlled or significantly influenced by the Bank's principal individual investors, key management personnel or close family members of such individuals;
- (11) Joint ventures or associates of other member entities of the corporate group of the Bank (including their parent companies and subsidiaries);
- (12) Joint ventures or associates of the entity that has joint control over the Bank;
- (13) Joint ventures of an entity exerting significant influence over the Bank;
- (14) Enterprise pension funds established by the Bank.

Entities are not regarded as related parties simply because they are merely under common control from the State without other related party relationships between them.

28. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and are similar in respect of the nature of each segment's products and services, the nature of productive process, 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. Reportable segments are identified and disclosed based on operating segment with consideration of materiality.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the financial statements.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

V Critical accounting estimates and judgements

The Group continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1. Critical judgements in applying the accounting policies

(1) *Classification of financial assets*

Significant judgements made by the Group in the classification of financial assets include analysis on business models and contractual cash flow characteristics.

The Group determines the business model for financial asset management at the level of different groups, and factors to be considered include the methods of evaluation on financial asset performance and reporting of financial asset performance to key management personnel, risks affecting financial asset performance and management methods for such risks, the ways in which related business management personnel are remunerated, etc.

When assessing whether contractual cash flow characteristics of financial assets are consistent with basic lending arrangement, key judgements made by the Group include: the possibility of changes in timing or amount of the principal during the duration due to reasons such as early repayment; whether interest only include time value of money, credit risks, other basic lending risks and considerations for costs and profits. For example, whether the amount of prepayment only reflects the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation due to the early termination of the contract.

(2) *Criteria for judging significant increases in credit risk*

Judgement of the Group for significant increase in credit risk is mainly based on whether it is overdue due to deterioration of credit risk, or whether one or more of the following conditions are met: the debtor is classified into Special Mention category in five-tier loan classification, the debtor has a restructuring of performing loans, or the debtor's probability of default has increased significantly since the initial recognition date and it is currently up against a lower internal rating, etc.

Judgement of the Group on the occurred credit impairment is mainly based on whether the number of overdue days exceeds 90 days (i.e., a default has occurred), or whether one or more of the following conditions are met: the debtor is classified into Substandard, Doubtful or Loss category in five-tier loan classification, or the debtor is classified into default category in internal rating, etc.

V Critical accounting estimates and judgements (continued)

2. Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(1) *Measurement of ECLs*

The Group calculates ECLs through exposure at default and ECLs rates, and determines the ECLs rates based on probability of default and loss given default. In determining the ECL rates, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information. Please refer to Note XV. 2 “Credit risk”.

(2) *Fair value of financial instruments*

For financial instruments not traded in active markets, fair value is determined using appropriate valuation techniques. Valuation techniques include the use of prices of recent transactions or similar financial instruments, discounted cash flow analysis and generally accepted pricing models, etc. Models for the valuation of fair value use actual market observable inputs and data, such as interest yield curves, foreign exchange rates and option volatilities. When market observable inputs are not available, the Group uses calibrated assumptions as close as possible to market observable data. Besides, management is required to make estimates of the Group's and counterparties' exposure to credit risk, liquidity, market volatility and correlation, and changes in these assumptions may affect the fair value of financial instruments.

(3) *Consolidation of structured entities*

When acting as the asset manager or an investor of a structured entity, the Group needs to make significant judgements on whether to take control over the structured entity and include it into the consolidation scope. The Group evaluates its contractual rights and obligations under the transaction structure as well as its rights over the structured entities, and performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned and residual income retained by the Group as the asset manager, and, if any, liquidity and other support provided to the structured entities. Besides, the Group performs judgement on whether it acts as a principal or an agent in structured entity transactions, including analysis and evaluation on the scope of its decision-making rights over the structured entities, rewards for its asset management services, risks assumed for the variable returns from other interests in the structured entities, and substantial rights held by other engaged parties.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

V Critical accounting estimates and judgements (continued)

2. Critical accounting estimates and key assumptions (continued)

(4) *Income taxes and deferred income taxes*

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income tax in each of these jurisdictions. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

A deferred tax asset is recognised for the carryforward of unused deductible losses to the extent that it is probable that future taxable profits will be available against which the deductible losses can be utilised. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgements in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment may be made to the carrying amount of deferred tax assets.

(5) *Derecognition of transfer of financial assets*

During the ordinary course of business, the Group transfers financial assets in the form of regular transaction, asset securitisation, repurchase agreements and securities lending. Significant judgements and estimates are required from the Group when determining whether the financial assets transferred can be fully or partly derecognised.

Where the Group transfers financial assets to special purpose entities through structured transactions, it is required to analyse and evaluate whether the relationship between the Group and the special purpose entities essentially indicates a control over the special purpose entities, so as to determine the necessity of consolidation. The derecognition analysis at the level of the consolidated entity or at the level of an individual entity that transfers out financial assets depends on the judgement on whether to perform consolidation.

V Critical accounting estimates and judgements (continued)

2. Critical accounting estimates and key assumptions (continued)

(5) *Derecognition of transfer of financial assets (continued)*

The Group needs to analyse its rights and obligations in contractual cash flows related to the transfer of a financial asset, and determines whether they are qualified for derecognition based on the following judgements:

- Whether the rights for receiving contractual cash flows are transferred; or whether the contractual cash flows are transferred to an independent third party in accordance with the “pass-through” requirements.
- Evaluation on the transfer extent on the risks and rewards of ownership of the financial asset. The Group applies critical accounting estimates and judgements when estimating the cash flows before and after the transfer and other factors affecting the transfer extent on the risks and rewards.
- If the Group neither transfers nor retains almost all risks and rewards of ownership of the financial asset, it will continue to analyse and evaluate whether to transfer its control over the financial asset, and whether to maintain the continuing involvement in the transferred financial asset. When evaluating whether to transfer its control over a financial asset, the Group performs analysis on whether the transferee has the essential ability to sell the asset transferred, which means whether the transferee is able to sell the asset to a non-related third party as a whole on condition that the transferee can implement this capability unilaterally without any additional restriction. If the Group has transferred the control over the financial asset, the financial asset shall be derecognised, and the relevant assets or liabilities will be recognised based on the rights and obligations incurred from the transfer of the financial asset. If the Group has not transferred the control over the financial asset, the Group will continue to recognise the relevant financial asset to the extent of its continuing involvement in the transferred asset.

(6) *Provisions*

The Group uses judgement to assess whether the Group has a present legal or constructive obligation as a result of past event at each balance sheet date and judgement is used to determine if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and to determine a reliable estimate of the amount of the obligation and relevant disclosure in the financial statements.

Notes to the Financial Statements

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VI Taxation

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
Enterprise Income tax (i)	Taxable income	25%
Value-added tax ("VAT") (ii)	Taxable value-added amount (Tax payable is calculated using the taxable sale amount multiplied by the applicable tax rate less deductible input VAT of the current period)	6%/9%/13%
City maintenance and construction tax (iii)	The payment amount of turnover tax	1%/5%/7%
Education surcharge (iv)	The payment amount of turnover tax	3%
Local education surcharge (iv)	The payment amount of turnover tax	2%

- (i) Pursuant to the Enterprise Income Tax Law of the People's Republic of China, enterprise income tax for domestic operations of the Group is calculated at 25% based on the taxable income.

Enterprise income taxes for the overseas operations of the Group are paid to local authorities at the local rates. The shortfall arising from the differential in income tax rates of overseas operations and domestic operations shall be reported and paid by the PRC Head Office based on relevant tax law.

Pre-tax deduction items of enterprise income tax are governed by the relevant regulations of the PRC.

- (ii) Revenue from loan service, direct charge of financial services, insurance service, financial product transfer of the Group is subject to VAT at the rate of 6%.

According to the Circular on Value-added Tax Policies on Finance, Real Estate Development and Education Services (Cai Shui [2016] No. 140), Supplementary Notice on Issues Concerning the VAT on Asset Management Products (Cai Shui [2017] No. 2) and Notice on Issues Concerning the VAT on Asset Management Products (Cai Shui [2017] No. 56) issued by the Ministry of Finance and the State Taxation Administration, VAT taxable activities by manager of asset management products ("AMPs") occurred in the operation of asset management products are subject to VAT levied at a rate of 3% by simple approach since 1 January 2018 (inclusive).

The Group's related interest income, fee and commission income, revenue from financial product transfer and insurance service are presented on a net basis after deducting applicable VAT.

- (iii) The Group's domestic entities pay city maintenance and construction tax at 1%, 5% or 7% of the payment of VAT.
- (iv) The Group's domestic entities pay educational surcharge and local education surcharge at 3% and 2% of the payment of VAT respectively.

VII Notes to the financial statements

1 Cash and due from central banks

	The Group and the Bank	
	31 December 2025	31 December 2024
Cash on hand	3,093	3,164
Statutory deposit due from central banks (i)	114,779	123,547
Surplus deposit due from central banks (ii)	28,357	26,756
Fiscal deposits due from central banks	449	254
Sub-total	146,678	153,721
Accrued interest	58	63
Total	146,736	153,784

- (i) The Group and the Bank place statutory deposit reserves at the PBOC, the Monetary Authority of Hong Kong and the Monetary Authority of Macau. Pursuant to relevant laws and regulations, the statutory deposit reserves are not available for the Group's and the Bank's daily business.

As at each balance sheet date, the statutory deposit reserve ratios are as follows:

	The Group and the Bank	
	31 December 2025	31 December 2024
Reserve ratio for RMB deposits	5.50%	6.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%
Reserve ratio for RMB deposits outside the Chinese mainland	5.50%	6.00%

The amount of statutory deposit reserve funds placed with the Monetary Authority of Hong Kong and Macau by Hong Kong and Macau branch is determined by the local jurisdiction.

- (ii) The surplus deposit reserves refer to the funds placed at the PBOC for the purposes of clearing.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

2 Due from banks and other financial institutions

	The Group	
	31 December 2025	31 December 2024
Banks operating overseas	3,808	3,177
Banks operating in Mainland China	3,199	3,057
Other financial institutions operating in Mainland China	2,984	1,366
Other financial institutions operating overseas	24	24
Sub-total	10,015	7,624
Accrued interest	2	2
Total	10,017	7,626
Less: Provision for ECLs	(1)	(4)
Carrying amount	10,016	7,622

	The Bank	
	31 December 2025	31 December 2024
Banks operating overseas	3,808	3,177
Other financial institutions operating in Mainland China	2,984	1,366
Banks operating in Mainland China	2,126	2,221
Other financial institutions operating overseas	24	24
Sub-total	8,942	6,788
Accrued interest	-	-
Total	8,942	6,788
Less: Provision for ECLs	(1)	(4)
Carrying amount	8,941	6,784

VII Notes to the financial statements (continued)

3 Placements with banks and other financial institutions

	The Group and the Bank	
	31 December 2025	31 December 2024
Other financial institutions operating in Mainland China	92,879	67,579
Banks operating overseas	5,877	6,470
Banks operating in Mainland China	–	19,622
Sub-total	98,756	93,671
Accrued interest	131	198
Total	98,887	93,869
Less: Provision for ECLs	(753)	(744)
Carrying amount	98,134	93,125

4 Derivative financial assets and derivative financial liabilities

The Group enters into derivative financial instruments related to exchange rate, interest rate and precious metal for the purpose of trading, asset and liability management and handling on behalf of customers.

The contractual/nominal amounts and fair value of the derivative financial instruments held by the Group at the balance sheet date are presented in the table below. The contractual/nominal amounts of the derivative financial instruments only work as basis for comparing the fair value of assets or liabilities recognised in the balance sheets, not for the purpose of representing the future cash flows or current fair value involved, and therefore do not reflect the credit risk or market risk assumed by the Group. With the fluctuation of the market interest rate, foreign exchange rate or precious metal price related to derivative financial instrument contract terms, the valuation of derivative financial instruments may cast favourable (for assets) or adverse (for liabilities) effects on the Group, and such effects may fluctuate heavily in different periods.

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such a mutual consent, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. The Group does not offset such financial assets or financial liabilities. As at 31 December 2025 and 31 December 2024, other than derivative financial instruments, the Group had no other financial assets or financial liabilities to which netting arrangements or similar agreements apply.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

4 Derivative financial assets and derivative financial liabilities (continued)

(1) Analysis by type of derivative contracts

	The Group and the Bank		
	31 December 2025		
	Nominal amounts	Fair value	
Assets		Liabilities	
<i>Derivative financial instruments held for trading</i>			
Foreign exchange derivatives	401,386	1,901	(1,637)
Interest rate derivatives	2,216,881	4,577	(4,600)
Other derivatives	298,817	5,585	(1,606)
Total	2,917,084	12,063	(7,843)

	The Group and the Bank		
	31 December 2024		
	Nominal amounts	Fair value	
Assets		Liabilities	
<i>Derivative financial instruments held for trading</i>			
Foreign exchange derivatives	364,030	3,081	(3,060)
Interest rate derivatives	1,835,998	9,368	(9,478)
Other derivatives	295,780	2,178	(1,085)
Total	2,495,808	14,627	(13,623)

VII Notes to the financial statements (continued)

4 Derivative financial assets and derivative financial liabilities (continued)

(2) Derivatives designated as hedging instruments

	The Group and the Bank		
	31 December 2025		
	Nominal amounts	Fair value	
Assets		Liabilities	
<i>Derivatives designated as hedging instruments</i>			
Gold swap contract	18,846	1,899	(50)

In 2025, the Group utilized gold swaps to hedge cash flow volatility arising from gold price fluctuations. The hedged item is gold borrowing. The Group primarily uses regression analysis and the critical terms comparison method to assess hedge effectiveness. Based on testing, the Group's management considers the hedge relationship to be highly effective. During the reporting period, the gains or losses arising from the ineffective portion of the cash flow hedge recognised were immaterial, and there were no instances of discontinuing hedge accounting due to highly probable expected cash flows no longer being expected to occur.

5 Financial assets held under resale agreements

	The Group	
	31 December 2025	31 December 2024
Bonds	45,615	204,916
Notes	403	403
Accrued interest	5	44
Total	46,023	205,363
Less: Provision for ECLs	(403)	(403)
Carrying amount	45,620	204,960

	The Bank	
	31 December 2025	31 December 2024
Bonds	45,215	204,916
Notes	403	403
Accrued interest	5	44
Total	45,623	205,363
Less: Provision for ECLs	(403)	(403)
Carrying amount	45,220	204,960

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

6 Loans and advances to customers

(1) Analysis by measurement

	The Group and the Bank	
	31 December 2025	31 December 2024
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	1,250,000	1,059,164
Residential mortgages loans	241,862	254,209
Credit card receivables	350,732	392,846
Other personal loans	213,108	208,856
Personal loans and advances	805,702	855,911
Sub-total	2,055,702	1,915,075
Loans and advances to customers measured at fair value through other comprehensive income		
Discount	98,209	209,072
Total	2,153,911	2,124,147
Accrued interest	7,715	6,724
Gross loans and advances to customers	2,161,626	2,130,871
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(51,662)	(53,518)
Carrying amount of loans and advances to customers	2,109,964	2,077,353
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(122)	(255)

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(2) Analysis by type of collateral

	The Group and the Bank	
	31 December 2025	31 December 2024
Unsecured loans	1,046,924	960,847
Collateralised loans	525,828	532,580
Guaranteed loans	514,485	569,545
Pledged loans	66,674	61,175
Total	2,153,911	2,124,147
Accrued interest	7,715	6,724
Total loans and advances to customers	2,161,626	2,130,871
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(51,662)	(53,518)
Carrying amount of loans and advances to customers	2,109,964	2,077,353
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(122)	(255)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(3) Analysis by industry

	The Group and the Bank			
	31 December 2025		31 December 2024	
	Gross balance	Percentage %	Gross balance	Percentage %
Corporate loans and advances				
– Manufacturing	276,782	12.80	253,674	11.90
– Leasing and commercial service	213,288	9.87	159,062	7.46
– Wholesale and retail	133,029	6.15	108,805	5.11
– Water, environment and public utilities management	118,207	5.47	112,246	5.27
– Real estate	99,821	4.62	104,360	4.90
– Construction	93,004	4.30	70,198	3.29
– Transportation, storage and postal services	80,674	3.73	71,866	3.37
– Production and supply of electricity, heat, gas and water	67,042	3.10	51,852	2.43
– Mining	35,847	1.66	31,075	1.46
– Others	132,306	6.12	96,026	4.51
Sub-total	1,250,000	57.82	1,059,164	49.70
Discount	98,209	4.54	209,072	9.81
Personal loans and advances	805,702	37.28	855,911	40.17
Total	2,153,911	99.64	2,124,147	99.68
Accrued interest	7,715	0.36	6,724	0.32
Gross loans and advances to customers	2,161,626	100	2,130,871	100
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(51,662)		(53,518)	
Carrying amount of loans and advances to customers	2,109,964		2,077,353	
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(122)		(255)	

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(4) Analysis by geographical sector

	The Group and the Bank			
	31 December 2025		31 December 2024	
	Gross balance	Percentage %	Gross balance	Percentage %
Head Office	350,741	16.23	392,855	18.44
Pearl River Delta	579,845	26.82	521,255	24.46
Central and Western Areas	453,148	20.96	430,220	20.19
Yangtze River Delta	400,182	18.51	446,199	20.94
Bohai Rim	322,721	14.93	297,762	13.97
Overseas	47,274	2.19	35,856	1.68
Total	2,153,911	99.64	2,124,147	99.68
Accrued interest	7,715	0.36	6,724	0.32
Gross loans and advances to customers	2,161,626	100	2,130,871	100
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(51,662)		(53,518)	
Carrying amount of loans and advances to customers	2,109,964		2,077,353	
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(122)		(255)	

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(5) Overdue loans and advances analysis by type of collateral and overdue period

	The Group and the Bank				
	31 December 2025				
	Overdue within 1 and 90 days (inclusive)	Overdue within 90 days and one year (inclusive)	Overdue within one year and three years (inclusive)	Overdue more than three years	Total
Pledged loans	31	291	38	86	446
Collateralised loans	4,596	3,133	3,832	611	12,172
Guaranteed loans	644	1,228	2,649	3,307	7,828
Unsecured loans	8,452	6,692	1,099	38	16,281
Total	13,723	11,344	7,618	4,042	36,727

	The Group and the Bank				
	31 December 2024				
	Overdue within 1 to 90 days (inclusive)	Overdue within 90 days to one year (inclusive)	Overdue within one year to three years (inclusive)	Overdue more than three years	Total
Pledged loans	47	51	10	1	109
Collateralised loans	3,614	2,545	6,238	751	13,148
Guaranteed loans	400	1,789	4,080	2,656	8,925
Unsecured loans	9,053	8,152	1,147	27	18,379
Total	13,114	12,537	11,475	3,435	40,561

Overdue loans represent loans of which the whole or part of the principal or interest was overdue for one day or more.

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(6) Analysis by assessment on provision for impairment

	The Group and the Bank			
	31 December 2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Principal of loans and advances to customers	2,029,589	93,293	31,029	2,153,911
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(17,656)	(13,477)	(20,529)	(51,662)
Loans and advances to customers, net	2,011,933	79,816	10,500	2,102,249
Accrued interest	6,048	1,619	48	7,715
Carrying amount of loans and advances to customers	2,017,981	81,435	10,548	2,109,964
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(122)	-	-	(122)

	The Group and the Bank			
	31 December 2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Principal of loans and advances to customers	1,996,839	87,351	39,957	2,124,147
Less: Provision for impairment of loans and advances to customers measured at amortised cost	(15,394)	(12,180)	(25,944)	(53,518)
Loans and advances to customers, net	1,981,445	75,171	14,013	2,070,629
Accrued interest	5,703	806	215	6,724
Carrying amount of loans and advances to customers	1,987,148	75,977	14,228	2,077,353
Provision for impairment of loans and advances to customers measured at fair value through other comprehensive income	(251)	(4)	-	(255)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(7) Movements of provision for impairment of loans and advances to customers

	The Group and the Bank			
	2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
1 January 2025	(15,392)	(12,181)	(25,945)	(53,518)
(Charge)/Reversal in the current year	(2,840)	(1,380)	(19,470)	(23,690)
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	562	(562)	-	-
Transfer from Stage 1 to Stage 3	749	-	(749)	-
Transfer from Stage 2 to Stage 1	(647)	647	-	-
Transfer from Stage 2 to Stage 3	-	3,088	(3,088)	-
Transfer from Stage 3 to Stage 2	-	(3,090)	3,090	-
Transfer from Stage 3 to Stage 1	(117)	-	117	-
Write-offs and disposals in the current year	-	-	29,772	29,772
Recovery after write-off	-	-	(4,265)	(4,265)
Exchange and other differences	29	1	9	39
31 December 2025	(17,656)	(13,477)	(20,529)	(51,662)

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(7) Movements of provision for impairment of loans and advances to customers (continued)

	The Group and the Bank			
	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
1 January 2024	(16,206)	(11,159)	(24,909)	(52,274)
(Charge)/Reversal in the current year	(478)	(3,885)	(19,027)	(23,390)
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	690	(690)	-	-
Transfer from Stage 1 to Stage 3	1,122	-	(1,122)	-
Transfer from Stage 2 to Stage 1	(414)	414	-	-
Transfer from Stage 2 to Stage 3	-	3,489	(3,489)	-
Transfer from Stage 3 to Stage 2	-	(349)	349	-
Transfer from Stage 3 to Stage 1	(102)	-	102	-
Write-offs and disposals in the current year	-	-	28,694	28,694
Recovery after write-off	-	-	(6,517)	(6,517)
Exchange and other differences	(4)	(1)	(26)	(31)
31 December 2024	(15,392)	(12,181)	(25,945)	(53,518)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

6 Loans and advances to customers (continued)

(8) Fair value of collaterals

The fair value of collaterals for credit impaired loans and advances to customers at the balance sheet date is as follows:

	The Group and the Bank	
	31 December 2025	31 December 2024
Lands and buildings	5,135	4,432
Other assets	663	515
Total	5,798	4,947

The fair value of collaterals is determined and adjusted by management based on the latest available external valuations by taking into account the current experience on disposal of collaterals as well as the market situation. The collaterals include land, buildings and machines. Assets pledged as collateral include inventories, certificates of deposit, shares and deposit.

VII Notes to the financial statements (continued)

7 Financial assets held for trading

	The Group	
	31 December 2025	31 December 2024
Funds	65,671	87,265
Commercial banks and other financial institutions bonds	49,370	20,075
Policy bank bonds	7,678	5,947
Corporate bonds	5,663	8,723
Government bonds	1,643	2,166
Fund trusts, asset management plans and others	11,274	11,927
Total	141,299	136,103

	The Bank	
	31 December 2025	31 December 2024
Funds	65,309	86,904
Commercial banks and other financial institutions bonds	49,350	20,044
Policy bank bonds	7,678	5,947
Corporate bonds	5,663	8,723
Government bonds	1,643	2,166
Fund trusts, asset management plans and others	10,186	10,869
Total	139,829	134,653

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

8 Debt investments

(1) Analysis by investment type

	The Group	
	31 December 2025	31 December 2024
Government bonds	346,743	311,023
Policy bank bonds	160,635	121,445
Debt financing plan	4,172	19,032
Corporate bonds	967	155
Commercial banks and other financial institutions bonds	20	–
Fund trusts, asset management plans and others	17,693	10,488
Sub-total	530,230	462,143
Accrued interest	7,141	6,368
Total	537,371	468,511
Less: Provision for ECLs	(3,026)	(3,478)
Carrying amount	534,345	465,033

	The Bank	
	31 December 2025	31 December 2024
Government bonds	344,014	307,846
Policy bank bonds	160,635	121,445
Debt financing plan	4,172	19,032
Corporate bonds	967	155
Commercial banks and other financial institutions bonds	20	–
Fund trusts, asset management plans and others	17,693	10,488
Sub-total	527,501	458,966
Accrued interest	7,124	6,346
Total	534,625	465,312
Less: Provision for ECLs	(3,026)	(3,478)
Carrying amount	531,599	461,834

VII Notes to the financial statements (continued)

8 Debt investments (continued)

(2) Analysis by impairment assessment method

	The Group			
	31 December 2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Principal of debt investments	523,921	3,120	3,189	530,230
Accrued interest	6,390	294	457	7,141
Less: Provision for ECLs	(464)	(747)	(1,815)	(3,026)
Carrying amount of debt investments	529,847	2,667	1,831	534,345

	The Group			
	31 December 2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Principal of debt investments	454,585	3,800	3,758	462,143
Accrued interest	6,178	190	–	6,368
Less: Provision for ECLs	(492)	(789)	(2,197)	(3,478)
Carrying amount of debt investments	460,271	3,201	1,561	465,033

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

8 Debt investments (continued)

(2) Analysis by impairment assessment method (continued)

	The Bank			
	31 December 2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Principal of debt investments	521,192	3,120	3,189	527,501
Accrued interest	6,373	294	457	7,124
Less: Provision for ECLs	(464)	(747)	(1,815)	(3,026)
Carrying amount of debt investments	527,101	2,667	1,831	531,599

	The Bank			
	31 December 2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
Principal of debt investments	451,408	3,800	3,758	458,966
Accrued interest	6,156	190	–	6,346
Less: Provision for ECLs	(492)	(789)	(2,197)	(3,478)
Carrying amount of debt investments	457,072	3,201	1,561	461,834

VII Notes to the financial statements (continued)

8 Debt investments (continued)

(3) Movements in loss provisions for debt investments:

	The Group			
	2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
1 January 2025	(492)	(789)	(2,197)	(3,478)
(Charge)/Reversal in the current year	25	42	(60)	7
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Write-offs and disposals in the current year	-	-	444	444
Recovery after write-off	-	-	(2)	(2)
Exchange and other differences	3	-	-	3
31 December 2025	(464)	(747)	(1,815)	(3,026)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

8 Debt investments (continued)

(3) Movements in loss provisions for debt investments (continued):

	The Group			Total
	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
1 January 2024	(704)	(345)	(3,717)	(4,766)
(Charge)/Reversal in the current year	207	(439)	241	9
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	10	(10)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	(5)	5	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Write-offs and disposals in the current year	-	-	1,279	1,279
Recovery after write-off	-	-	-	-
Exchange and other differences	-	-	-	-
31 December 2024	(492)	(789)	(2,197)	(3,478)

VII Notes to the financial statements (continued)

8 Debt investments (continued)

(3) Movements in loss provisions for debt investments (continued):

	The Bank			
	2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
1 January 2025	(492)	(789)	(2,197)	(3,478)
(Charge)/Reversal in the current year	25	42	(60)	7
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Write-offs and disposals in the current year	-	-	444	444
Recovery after write-off	-	-	(2)	(2)
Exchange and other differences	3	-	-	3
31 December 2025	(464)	(747)	(1,815)	(3,026)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

8 Debt investments (continued)

(3) Movements in loss provisions for debt investments (continued):

	The Bank			Total
	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
1 January 2024	(704)	(345)	(3,717)	(4,766)
(Charge)/Reversal in the current year	207	(439)	241	9
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	10	(10)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	(5)	5	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Write-offs and disposals in the current year	-	-	1,279	1,279
Recovery after write-off	-	-	-	-
Exchange and other differences	-	-	-	-
31 December 2024	(492)	(789)	(2,197)	(3,478)

VII Notes to the financial statements (continued)

9 Other debt investments

	The Group	
	31 December 2025	31 December 2024
Commercial banks and other financial institutions bonds	207,541	172,262
Government bonds	188,772	155,180
Policy bank bonds	142,910	95,329
Corporate bonds	23,315	6,693
Sub-total	562,538	429,464
Accrued interest	5,901	4,384
Total	568,439	433,848
Including:		
– Amortised cost	565,839	426,004
– Accumulated changes in fair value	2,600	7,844

	The Bank	
	31 December 2025	31 December 2024
Commercial banks and other financial institutions bonds	207,541	172,262
Government bonds	188,772	155,031
Policy bank bonds	142,910	95,329
Corporate bonds	23,315	6,693
Sub-total	562,538	429,315
Accrued interest	5,901	4,382
Total	568,439	433,697
Including:		
– Amortised cost	565,839	425,864
– Accumulated changes in fair value	2,600	7,833

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

10 Investments in other equity instruments

	The Group and the Bank	
	31 December 2025	31 December 2024
Investments in equity instrument not held for trading		
Equity of unlisted companies	4,204	4,328
Equity of listed companies	1,132	1,089
Total	5,336	5,417
Cost of equity instruments	2,221	2,280
Fair value changes charged to other comprehensive income	3,115	3,137
Fair value	5,336	5,417

The Group and the Bank designated equity instruments held not for trading as other equity instruments measured at fair value through other comprehensive income ("FVOCI"), and as at 31 December 2025, the fair value was RMB5,336 million (2024: RMB5,417 million). In 2025, the dividend the Bank had received from the above equity instruments was RMB69 million (2024: RMB57 million).

In 2025, the Group and the Bank disposed a part of the FVOCI, and on the disposal date the fair value was RMB83 million (2024: RMB232 million). The disposal resulted in the cumulative gains transferred from other comprehensive income to retained earnings was RMB9 million (2024: the cumulative losses of RMB66 million).

11 Long-term equity investments

	The Bank	
	31 December 2025	31 December 2024
Ending balance	5,079	5,079

Subsidiary included in the consolidation scope as at 31 December 2025.

	Place of incorporation	Principal place of business	Principal activities	Percentage of equity interest
GuangYin Wealth Management Co., Ltd. (a)	Shanghai, China	China	Issuing wealth management products, investing and managing the entrusted property of investors, etc	100%

(a) On 1 December 2021, the Bank established GuangYin Wealth Management Co., Ltd..

VII Notes to the financial statements (continued)

12 Fixed assets

	The Group			
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	Total
Cost				
31 December 2024	12,806	5,276	1,389	19,471
Increase in the current year	43	611	75	729
Transfers from construction in progress	1,125	6	30	1,161
Decrease in the current year	(30)	(165)	(78)	(273)
31 December 2025	13,944	5,728	1,416	21,088
Accumulated depreciation				
31 December 2024	(5,116)	(3,627)	(1,076)	(9,819)
Charge for the year	(406)	(568)	(105)	(1,079)
Decrease in the current year	20	163	69	252
31 December 2025	(5,502)	(4,032)	(1,112)	(10,646)
Provision for impairment				
31 December 2024	(228)	-	-	(228)
Decrease in the current year	3	-	-	3
31 December 2025	(225)	-	-	(225)
Net book value				
31 December 2025	8,217	1,696	304	10,217
31 December 2024	7,462	1,649	313	9,424

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

12 Fixed assets (continued)

	The Group			Total
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	
Cost				
31 December 2023	12,545	5,136	1,142	18,823
Increase in the current year	25	522	60	607
Transfers from construction in progress	273	–	–	273
Decrease in the current year	(37)	(119)	(76)	(232)
Other	–	(263)	263	–
31 December 2024	12,806	5,276	1,389	19,471
Accumulated depreciation				
31 December 2023	(4,745)	(3,375)	(866)	(8,986)
Charge for the year	(401)	(539)	(107)	(1,047)
Decrease in the current year	30	112	72	214
Other	–	175	(175)	–
31 December 2024	(5,116)	(3,627)	(1,076)	(9,819)
Provision for impairment				
31 December 2023	(228)	–	–	(228)
31 December 2024	(228)	–	–	(228)
Net book value				
31 December 2024	7,462	1,649	313	9,424
31 December 2023	7,572	1,761	276	9,609

VII Notes to the financial statements (continued)

12 Fixed assets (continued)

	The Bank			
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	Total
Cost				
31 December 2024	12,806	5,252	1,386	19,444
Increase in the current year	43	611	74	728
Transfers from construction in progress	1,125	6	30	1,161
Decrease in the current year	(30)	(165)	(77)	(272)
31 December 2025	13,944	5,704	1,413	21,061
Accumulated depreciation				
31 December 2024	(5,116)	(3,611)	(1,075)	(9,802)
Charge for the year	(406)	(564)	(104)	(1,074)
Decrease in the current year	20	163	69	252
31 December 2025	(5,502)	(4,012)	(1,110)	(10,624)
Provision for impairment				
31 December 2024	(228)	-	-	(228)
Decrease in the current year	3	-	-	3
31 December 2025	(225)	-	-	(225)
Net book value				
31 December 2025	8,217	1,692	303	10,212
31 December 2024	7,462	1,641	311	9,414

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

12 Fixed assets (continued)

	The Bank			Total
	Buildings	Computers and electronic equipment	Motor vehicles and other equipment	
Cost				
31 December 2023	12,545	5,113	1,140	18,798
Increase in the current year	25	521	59	605
Transfers from construction in progress	273	-	-	273
Decrease in the current year	(37)	(119)	(76)	(232)
Other	-	(263)	263	-
31 December 2024	12,806	5,252	1,386	19,444
Accumulated depreciation				
31 December 2023	(4,745)	(3,364)	(866)	(8,975)
Charge for the year	(401)	(534)	(106)	(1,041)
Decrease in the current year	30	112	72	214
Other	-	175	(175)	-
31 December 2024	(5,116)	(3,611)	(1,075)	(9,802)
Provision for impairment				
31 December 2023	(228)	-	-	(228)
31 December 2024	(228)	-	-	(228)
Net book value				
31 December 2024	7,462	1,641	311	9,414
31 December 2023	7,572	1,749	274	9,595

- (i) As at 31 December 2025 and 31 December 2024, certain buildings of the Group and the Bank were already in use although the registration of their property rights was still in process. Management does not anticipate that the pending completion of the title transfer procedures would have an adverse impact on the Group's and the Bank's right to succeed to such assets or on the operations of the Group and the Bank.

VII Notes to the financial statements (continued)

13 Construction in progress

	The Group and the Bank	
	2025	2024
Opening balance	1,858	2,215
Increase in the current year	382	152
Transfer to other long-term assets	(1,174)	(509)
Carrying amount at the end of the year	1,066	1,858

14 Intangible assets

	The Group		
	Land use rights	Computer software	Total
Cost			
31 December 2024	3,358	13,609	16,967
Increase in the current year	1	1,573	1,574
Decrease in the current year	–	(5)	(5)
31 December 2025	3,359	15,177	18,536
Accumulated amortisation			
31 December 2024	(651)	(9,056)	(9,707)
Charge for the year	(81)	(1,792)	(1,873)
Decrease in the current year	–	5	5
31 December 2025	(732)	(10,843)	(11,575)
Net book value			
31 December 2025	2,627	4,334	6,961
31 December 2024	2,707	4,553	7,260

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

14 Intangible assets (continued)

	The Group		
	Land use rights	Computer software	Total
Cost			
31 December 2023	3,122	11,782	14,904
Increase in the current year	236	1,836	2,072
Decrease in the current year	–	(9)	(9)
31 December 2024	3,358	13,609	16,967
Accumulated amortisation			
31 December 2023	(573)	(7,446)	(8,019)
Charge for the year	(78)	(1,618)	(1,696)
Decrease in the current year	–	8	8
31 December 2024	(651)	(9,056)	(9,707)
Net book value			
31 December 2024	2,707	4,553	7,260
31 December 2023	2,549	4,336	6,885

VII Notes to the financial statements (continued)

14 Intangible assets (continued)

	The Bank		
	Land use rights	Computer software	Total
Cost			
31 December 2024	3,358	13,446	16,804
Increase in the current year	1	1,562	1,563
Decrease in the current year	–	(5)	(5)
31 December 2025	3,359	15,003	18,362
Accumulated amortisation			
31 December 2024	(651)	(8,991)	(9,642)
Charge for the year	(81)	(1,759)	(1,840)
Decrease in the current year	–	5	5
31 December 2025	(732)	(10,745)	(11,477)
Net book value			
31 December 2025	2,627	4,258	6,885
31 December 2024	2,707	4,455	7,162

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

14 Intangible assets (continued)

	The Bank		
	Land use rights	Computer software	Total
Cost			
31 December 2023	3,122	11,631	14,753
Increase in the current year	236	1,824	2,060
Decrease in the current year	–	(9)	(9)
31 December 2024	3,358	13,446	16,804
Accumulated amortisation			
31 December 2023	(573)	(7,413)	(7,986)
Charge for the year	(78)	(1,586)	(1,664)
Decrease in the current year	–	8	8
31 December 2024	(651)	(8,991)	(9,642)
Net book value			
31 December 2024	2,707	4,455	7,162
31 December 2023	2,549	4,218	6,767

As at 31 December 2025, the Group and the Bank had no land use rights that were subject to uncompleted ownership changing procedures (31 December 2024: Nil).

VII Notes to the financial statements (continued)

15 Right-of-use assets

	The Group		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2024	8,651	54	8,705
Increase in the current year	1,374	21	1,395
Decrease in the current year	(1,145)	(10)	(1,155)
31 December 2025	8,880	65	8,945
Accumulated depreciation			
31 December 2024	(4,285)	(37)	(4,322)
Increase in the current year	(1,377)	(12)	(1,389)
Decrease in the current year	1,059	10	1,069
31 December 2025	(4,603)	(39)	(4,642)
Net book value			
31 December 2025	4,277	26	4,303
31 December 2024	4,366	17	4,383

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

15 Right-of-use assets (continued)

	The Group		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2023	8,466	52	8,518
Increase in the current year	1,213	46	1,259
Decrease in the current year	(1,028)	(44)	(1,072)
31 December 2024	8,651	54	8,705
Accumulated depreciation			
31 December 2023	(3,632)	(23)	(3,655)
Increase in the current year	(1,489)	(15)	(1,504)
Decrease in the current year	836	1	837
31 December 2024	(4,285)	(37)	(4,322)
Net book value			
31 December 2024	4,366	17	4,383
31 December 2023	4,834	29	4,863

VII Notes to the financial statements (continued)

15 Right-of-use assets (continued)

	The Bank		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2024	8,596	54	8,650
Increase in the current year	1,358	21	1,379
Decrease in the current year	(1,089)	(10)	(1,099)
31 December 2025	8,865	65	8,930
Accumulated depreciation			
31 December 2024	(4,236)	(37)	(4,273)
Increase in the current year	(1,368)	(12)	(1,380)
Decrease in the current year	1,003	10	1,013
31 December 2025	(4,601)	(39)	(4,640)
Net book value			
31 December 2025	4,264	26	4,290
31 December 2024	4,360	17	4,377

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

15 Right-of-use assets (continued)

	The Bank		
	Buildings	Machinery and equipment and motor vehicles	Total
Cost			
31 December 2023	8,411	52	8,463
Increase in the current year	1,213	46	1,259
Decrease in the current year	(1,028)	(44)	(1,072)
31 December 2024	8,596	54	8,650
Accumulated depreciation			
31 December 2023	(3,599)	(23)	(3,622)
Increase in the current year	(1,473)	(15)	(1,488)
Decrease in the current year	836	1	837
31 December 2024	(4,236)	(37)	(4,273)
Net book value			
31 December 2024	4,360	17	4,377
31 December 2023	4,812	29	4,841

VII Notes to the financial statements (continued)

16 Deferred tax assets and liabilities

(1) Movement of deferred tax assets and liabilities after offsetting are as follows:

	The Group	
	2025	2024
Opening balance of deferred tax assets	15,997	16,891
Deferred taxes recognised in the income statement for the current year	1,499	945
Deferred taxes recognised in other comprehensive income	1,367	(1,839)
Ending balance of deferred tax assets	18,863	15,997

	The Bank	
	2025	2024
Opening balance of deferred tax assets	15,997	16,890
Deferred taxes recognised in the income statement for the current year	1,498	944
Deferred taxes recognised in other comprehensive income	1,367	(1,837)
Ending balance of deferred tax assets	18,862	15,997

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

16 Deferred tax assets and liabilities (continued)

(2) Deferred tax assets and liabilities before offsetting are set out as follows:

(a) Deferred tax assets

	The Group			
	31 December 2025		31 December 2024	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairment	17,917	71,669	17,732	70,928
Accrued payroll	1,721	6,883	1,104	4,417
Lease liabilities	1,084	4,336	1,089	4,357
Changes in fair value	610	2,440	18	70
Provisions	455	1,818	491	1,965
Deferred interest income of discounted notes	194	774	273	1,093
Others	263	1,054	216	863
Total	22,244	88,974	20,923	83,693

	The Bank			
	31 December 2025		31 December 2024	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairment	17,917	71,669	17,732	70,928
Accrued payroll	1,721	6,883	1,102	4,406
Lease liabilities	1,081	4,323	1,089	4,357
Changes in fair value	608	2,432	16	64
Provisions	455	1,818	491	1,965
Deferred interest income of discounted notes	194	774	273	1,093
Others	262	1,050	215	859
Total	22,238	88,949	20,918	83,672

VII Notes to the financial statements (continued)

16 Deferred tax assets and liabilities (continued)

(2) Deferred tax assets and liabilities before offsetting are set out as follows (continued):

(b) Deferred tax liabilities

	The Group			
	31 December 2025		31 December 2024	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Changes in fair value	(1,957)	(7,828)	(3,450)	(13,799)
Right-of-use assets	(1,077)	(4,303)	(1,094)	(4,377)
Others	(347)	(1,388)	(382)	(1,529)
Total	(3,381)	(13,519)	(4,926)	(19,705)

	The Bank			
	31 December 2025		31 December 2024	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Changes in fair value	(1,956)	(7,824)	(3,450)	(13,799)
Right-of-use assets	(1,073)	(4,290)	(1,094)	(4,377)
Others	(347)	(1,388)	(377)	(1,509)
Total	(3,376)	(13,502)	(4,921)	(19,685)

(3) The net balances of deferred tax assets and liabilities after offsetting are as follows:

	The Group	
	31 December 2025	31 December 2024
Deferred tax assets, net	18,863	15,997

	The Bank	
	31 December 2025	31 December 2024
Deferred tax assets, net	18,862	15,997

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

17 Other assets

	The Group	
	31 December 2025	31 December 2024
Suspense account for clearing	11,243	9,284
Advances and temporary payments	799	734
Long-term prepaid expenses	653	818
Repossessed assets (i)	129	211
Others	1,910	2,454
Total	14,734	13,501
Less: Provision for impairment	(436)	(489)
Carrying amount	14,298	13,012

	The Bank	
	31 December 2025	31 December 2024
Suspense account for clearing	11,243	9,284
Advances and temporary payments	799	733
Long-term prepaid expenses	649	811
Repossessed assets (i)	129	211
Others	1,788	2,339
Total	14,608	13,378
Less: Provision for impairment	(436)	(489)
Carrying amount	14,172	12,889

(i) *Repossessed assets*

	The Group and the Bank	
	31 December 2025	31 December 2024
Land use rights	126	126
Buildings	3	85
Total original value of repossessed assets	129	211
Less: Provision for impairment of repossessed assets	(45)	(93)
Carrying amount	84	118

VII Notes to the financial statements (continued)

18 Provision for asset impairment

	The Group					31 December 2025
	1 January 2025	(Charge)/ Reversal in the current year	Write- offs and disposals in the current year	Recovery after write- off	Exchange and other differences	
Due from banks and other financial institutions	(4)	2	-	-	1	(1)
Placements with banks and other financial institutions	(744)	(9)	-	-	-	(753)
Financial assets held under resale agreements	(403)	-	-	-	-	(403)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(53,518)	(23,690)	29,772	(4,265)	39	(51,662)
– Loans and advances to customers measured at fair value through other comprehensive income	(255)	133	-	-	-	(122)
Financial investments						
– Debt investments	(3,478)	7	444	(2)	3	(3,026)
– Other debt investments	(442)	(44)	-	-	4	(482)
Loan commitments and financial guarantee contracts	(1,827)	79	-	-	2	(1,746)
Fixed assets	(228)	-	3	-	-	(225)
Other assets	(489)	(20)	75	(2)	-	(436)
Total	(61,388)	(23,542)	30,294	(4,269)	49	(58,856)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

18 Provision for asset impairment (continued)

	The Group					
	1 January 2024	(Charge)/ Reversal in the current year	Write- offs and disposals in the current year	Recovery after write-off	Exchange and other differences	31 December 2024
Due from banks and other financial institutions	(1)	(3)	-	-	-	(4)
Placements with banks and other financial institutions	(579)	(165)	-	-	-	(744)
Financial assets held under resale agreements	(403)	-	-	-	-	(403)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(52,274)	(23,390)	28,694	(6,517)	(31)	(53,518)
– Loans and advances to customers measured at fair value through other comprehensive income	(197)	(58)	-	-	-	(255)
Financial investments						
– Debt investments	(4,766)	9	1,279	-	-	(3,478)
– Other debt investments	(378)	(62)	-	-	(2)	(442)
Loan commitments and financial guarantee contracts	(2,064)	238	-	-	(1)	(1,827)
Fixed assets	(228)	-	-	-	-	(228)
Other assets	(500)	(37)	61	(13)	-	(489)
Total	(61,390)	(23,468)	30,034	(6,530)	(34)	(61,388)

VII Notes to the financial statements (continued)

18 Provision for asset impairment (continued)

	The Bank					31 December 2025
	1 January 2025	(Charge)/ Reversal in the current year	Write- offs and disposals in the current year	Recovery after write- off	Exchange and other differences	
Due from banks and other financial institutions	(4)	2	-	-	1	(1)
Placements with banks and other financial institutions	(744)	(9)	-	-	-	(753)
Financial assets held under resale agreements	(403)	-	-	-	-	(403)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(53,518)	(23,690)	29,772	(4,265)	39	(51,662)
– Loans and advances to customers measured at fair value through other comprehensive income	(255)	133	-	-	-	(122)
Financial investments						
– Debt investments	(3,478)	7	444	(2)	3	(3,026)
– Other debt investments	(442)	(44)	-	-	4	(482)
Loan commitments and financial guarantee contracts	(1,827)	79	-	-	2	(1,746)
Fixed assets	(228)	-	3	-	-	(225)
Other assets	(489)	(20)	75	(2)	-	(436)
Total	(61,388)	(23,542)	30,294	(4,269)	49	(58,856)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

18 Provision for asset impairment (continued)

	The Bank					31 December 2024
	1 January 2024	(Charge)/ Reversal in the current year	Write- offs and disposals in the current year	Recovery after write-off	Exchange and other differences	
Due from banks and other financial institutions	(1)	(3)	-	-	-	(4)
Placements with banks and other financial institutions	(579)	(165)	-	-	-	(744)
Financial assets held under resale agreements	(403)	-	-	-	-	(403)
Loans and advances to customers						
– Loans and advances to customers measured at amortised cost	(52,274)	(23,390)	28,694	(6,517)	(31)	(53,518)
– Loans and advances to customers measured at fair value through other comprehensive income	(197)	(58)	-	-	-	(255)
Financial investments						
– Debt investments	(4,766)	9	1,279	-	-	(3,478)
– Other debt investments	(378)	(62)	-	-	(2)	(442)
Loan commitments and financial guarantee contracts	(2,064)	238	-	-	(1)	(1,827)
Fixed assets	(228)	-	-	-	-	(228)
Other assets	(500)	(37)	61	(13)	-	(489)
Total	(61,390)	(23,468)	30,034	(6,530)	(34)	(61,388)

VII Notes to the financial statements (continued)

19 Due to banks and other financial institutions

	The Group	
	31 December 2025	31 December 2024
Other financial institutions operating in the Mainland China	375,781	337,352
Banks operating in Mainland China	27,349	37,107
Banks operating overseas	22	15
Accrued interest	1,911	2,124
Total	405,063	376,598

	The Bank	
	31 December 2025	31 December 2024
Other financial institutions operating in Mainland China	376,036	337,406
Banks operating in Mainland China	27,349	37,107
Banks operating overseas	22	15
Accrued interest	1,911	2,124
Total	405,318	376,652

20 Placements from banks and other financial institutions

	The Group and the Bank	
	31 December 2025	31 December 2024
Banks operating in Mainland China	63,780	43,725
Banks operating overseas	24,757	20,180
Accrued interest	278	186
Total	88,815	64,091

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

21 Financial liabilities held for trading

	The Group and the Bank	
	31 December 2025	31 December 2024
Financial liabilities arising from precious metal contracts and others	2,542	953

22 Financial assets sold under repurchase agreements

	The Group and the Bank	
	31 December 2025	31 December 2024
Bonds	227,370	132,535
Notes	2,005	15,746
Accrued interest	251	50
Total	229,626	148,331

23 Customer deposits

	The Group and the Bank	
	31 December 2025	31 December 2024
Demand deposits		
– Corporate customers	417,313	496,123
– Individual customers	177,550	168,969
Time deposits (including notice deposits)		
– Corporate customers	834,560	871,360
– Individual customers	507,548	465,569
Pledged deposits	209,502	211,127
Others	2,490	426
Sub-total	2,148,963	2,213,574
Accrued interest	41,077	43,675
Total	2,190,040	2,257,249

VII Notes to the financial statements (continued)

24 Employee benefits payable

	The Group	
	31 December 2025	31 December 2024
Short-term employee benefits payable (a)	11,164	10,111
Defined contribution plans payable (b)	504	508
Termination benefits payable (c)	-	-
Total	11,668	10,619

	The Bank	
	31 December 2025	31 December 2024
Short-term employee benefits payable (a)	11,139	10,073
Defined contribution plans payable (b)	504	508
Termination benefits payable (c)	-	-
Total	11,643	10,581

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

24 Employee benefits payable (continued)

(a) Short-term employee benefits payable

	The Group			
	31 December 2024	Charge for the year	Payment in the year	31 December 2025
Wages and salaries, bonus, allowances and subsidies	9,879	10,887	(9,817)	10,949
Staff welfare	22	516	(507)	31
Social security contributions				
Including: Medical insurance and maternity insurance	8	574	(575)	7
Work injury insurance	–	20	(20)	–
Housing funds	9	943	(943)	9
Labour union funds and employee education funds	93	285	(262)	116
Other short-term employee benefits	100	450	(498)	52
Total	10,111	13,675	(12,622)	11,164

	The Group			
	31 December 2023	Charge for the year	Payment in the year	31 December 2024
Wages and salaries, bonus, allowances and subsidies	8,545	11,557	(10,223)	9,879
Staff welfare	25	492	(495)	22
Social security contributions				
Including: Medical insurance and maternity insurance	10	582	(584)	8
Work injury insurance	–	20	(20)	–
Housing funds	10	958	(959)	9
Labour union funds and employee education funds	61	299	(267)	93
Other short-term employee benefits	332	511	(743)	100
Total	8,983	14,419	(13,291)	10,111

VII Notes to the financial statements (continued)

24 Employee benefits payable (continued)

(a) Short-term employee benefits payable (continued)

	The Bank			
	31 December 2024	Charge for the year	Payment in the year	31 December 2025
Wages and salaries, bonus, allowances and subsidies	9,843	10,836	(9,753)	10,926
Staff welfare	21	511	(502)	30
Social security contributions				
Including: Medical insurance and maternity insurance	8	571	(572)	7
Work injury insurance	–	20	(20)	–
Housing funds	9	938	(938)	9
Labour union funds and employee education funds	92	284	(261)	115
Other short-term employee benefits	100	450	(498)	52
Total	10,073	13,610	(12,544)	11,139

	The Bank			
	31 December 2023	Charge for the year	Payment in the year	31 December 2024
Wages and salaries, bonus, allowances and subsidies	8,521	11,489	(10,167)	9,843
Staff welfare	24	488	(491)	21
Social security contributions				
Including: Medical insurance and maternity insurance	9	580	(581)	8
Work injury insurance	–	20	(20)	–
Housing funds	10	953	(954)	9
Labour union funds and employee education funds	61	297	(266)	92
Other short-term employee benefits	332	510	(742)	100
Total	8,957	14,337	(13,221)	10,073

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

24 Employee benefits payable (continued)

(b) Defined contribution plans payable

	The Group			
	2025			
	Opening balance	Charge for the year	Payment in the year	Ending balance
Basic pensions	17	1,188	(1,192)	13
Unemployment insurance	1	53	(53)	1
Enterprise annuity	490	639	(639)	490
Total	508	1,880	(1,884)	504

	The Group			
	2024			
	Opening balance	Charge for the year	Payment in the year	Ending balance
Basic pensions	16	1,172	(1,171)	17
Unemployment insurance	1	54	(54)	1
Enterprise annuity	285	856	(651)	490
Total	302	2,082	(1,876)	508

	The Bank			
	2025			
	Opening balance	Charge for the year	Payment in the year	Ending balance
Basic pensions	17	1,182	(1,186)	13
Unemployment insurance	1	53	(53)	1
Enterprise annuity	490	635	(635)	490
Total	508	1,870	(1,874)	504

VII Notes to the financial statements (continued)

24 Employee benefits payable (continued)

(b) Defined contribution plans payable (continued)

	The Bank			
	2024			
	Opening balance	Charge for the year	Payment in the year	Ending balance
Basic pensions	16	1,166	(1,165)	17
Unemployment insurance	1	54	(54)	1
Enterprise annuity	285	851	(646)	490
Total	302	2,071	(1,865)	508

(c) Termination benefits payable

	The Group and the Bank	
	2025	2024
Opening balance	-	-
Change for the year	38	32
Payment in the year	(38)	(32)
Ending balance	-	-

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

25 Taxes payable

	The Group	
	31 December 2025	31 December 2024
Enterprise income tax payable	4,317	4,296
VAT payable	1,116	1,306
Others	289	253
Total	5,722	5,855

	The Bank	
	31 December 2025	31 December 2024
Enterprise income tax payable	4,301	4,281
VAT payable	1,110	1,302
Others	287	251
Total	5,698	5,834

26 Provisions

	The Group	
	31 December 2025	31 December 2024
Loan commitments and financial guarantee contracts (i)	1,746	1,827
Estimated losses of cases and litigations (ii)	73	138
Others	17	45
Total	1,836	2,010

	The Bank	
	31 December 2025	31 December 2024
Loan commitments and financial guarantee contracts (i)	1,746	1,827
Estimated losses of cases and litigations (ii)	73	138
Others	17	43
Total	1,836	2,008

VII Notes to the financial statements (continued)

26 Provisions (continued)

- (i) Movements in provision for expected credit impairment of loan commitments and financial guarantee contracts:

	The Group and the Bank			
	2025			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
1 January 2025	(1,673)	(107)	(47)	(1,827)
(Charge)/Reversal in the current year	16	27	36	79
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	24	(24)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	(20)	20	-	-
Transfer from Stage 2 to Stage 3	-	5	(5)	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	(1)	-	1	-
Exchange and other differences	2	-	-	2
31 December 2025	(1,652)	(79)	(15)	(1,746)

	The Group and the Bank			
	2024			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
1 January 2024	(1,917)	(140)	(7)	(2,064)
(Charge)/Reversal in the current year	227	51	(40)	238
Transfer in the current year:				
Transfer from Stage 1 to Stage 2	35	(35)	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	(17)	17	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
Exchange and other differences	(1)	-	-	(1)
31 December 2024	(1,673)	(107)	(47)	(1,827)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

26 Provisions (continued)

(ii) Movements in estimated losses for litigation are as follows:

	The Group and the Bank	
	2025	2024
Opening balance	138	51
Charge in the current year	68	89
Payment in the current year	(133)	(2)
Ending balance	73	138

As at 31 December 2025, the Group and the Bank were the defendants or the third parties in certain pending litigations, with gross claims of RMB12,090 million (31 December 2024: RMB12,497 million). Based on the opinions of internal or external lawyers of the Group and the Bank, provision has been made for the estimated losses of these litigations and disputes. Management of the Group and the Bank are of the view that the provision made is reasonable and adequate.

27 Lease liabilities

	The Group	
	31 December 2025	31 December 2024
Lease liabilities	4,336	4,364

	The Bank	
	31 December 2025	31 December 2024
Lease liabilities	4,323	4,357

VII Notes to the financial statements (continued)

28 Bonds issued

		The Group and the Bank	
		31 December 2025	31 December 2024
Interbank negotiable certificates of deposit	(i)	328,399	348,509
Financial bonds	(ii)	–	22,000
Tier two capital bonds	(iii)	64,499	59,499
Accrued interest		296	817
Total		393,194	430,825

- (i) As at 31 December 2025, the Bank held 166 (31 December 2024: 189) outstanding interbank negotiable certificates of deposit, with a total face value of RMB331,027 million (31 December 2024: RMB351,024 million) and periods of 3 months to 12 months (31 December 2024: 3 months to 12 months), and 161 (31 December 2024: 182) of them were under zero-coupon.
- (ii) The Bank issued 3-year fixed interest rate financial bonds with a face value of RMB22 billion on 26 May 2022. The coupon interest rate is 2.70% per annum. The bond matured and was fully redeemed on 30 May 2025.
- (iii) On 30 October 2020, the Bank issued 10-year fixed-rate Tier 2 capital bonds with a face value of RMB 30 billion. The coupon interest rate is 4.26% per annum. The bonds are callable at the option of the Issuer at the end of the fifth year. If the Bank does not exercise the call option, the coupon rate shall remain unchanged for the subsequent five interest-bearing years commencing from the sixth interest-bearing year until maturity. The bonds were fully redeemed upon maturity on 3 November 2025. On 30 October 2020, the Bank issued 15-year fixed-rate Tier 2 capital bonds with a face value of RMB 3.5 billion. The coupon interest rate is 4.51% per annum. The bonds are callable at the option of the Issuer at the end of the tenth year. If the Bank did not exercise the call option, the coupon rate shall remain unchanged for the subsequent five interest-bearing years commencing from the eleventh interest-bearing year until maturity.

The Bank issued 10-year fixed-rate tier 2 capital bonds with a face value of RMB20 billion on 1 August 2024. The coupon interest rate is 2.17% per annum. The Bank has an option to redeem the bonds at the end of the fifth year. If the Bank does not exercise the option of redemption, the coupon interest rate of the bonds will remain unchanged from the sixth year for the next five years till maturity. The Bank issued 15-year fixed-rate tier 2 capital bonds with a face value of RMB6 billion on 1 August 2024. The coupon interest rate is 2.30% per annum. The Bank has an option to redeem the bonds at the end of the tenth year. If the Bank does not exercise the option of redemption, the coupon interest rate of the bonds will remain unchanged from the eleventh year for the next five years till maturity.

On 11 December 2025, the Bank issued 10-year fixed-rate Tier 2 capital bonds with a face value of RMB 35 billion. The coupon interest rate is 2.25% per annum. The bonds are callable at the option of the Issuer at the end of the fifth year. If the Bank does not exercise the call option, the coupon rate shall remain unchanged for the subsequent five interest-bearing years commencing from the sixth interest-bearing year until maturity.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

29 Other liabilities

	The Group	
	31 December 2025	31 December 2024
Contract liabilities (i)	1,563	3,085
Accrued expenses	1,555	1,731
Suspense account for clearing	1,370	1,218
Others	1,623	2,792
Total	6,111	8,826

	The Bank	
	31 December 2025	31 December 2024
Contract liabilities (i)	1,563	3,085
Accrued expenses	1,550	1,726
Suspense account for clearing	1,370	1,218
Others	1,619	2,785
Total	6,102	8,814

(i) As at 31 December 2025 and 31 December 2024, the obligation of the Group and the Bank to transfer goods or services to customers according to consideration received has been presented as other liabilities – contract liabilities.

30 Share capital

	The Bank	
	31 December 2025	31 December 2024
Ordinary shares (share)	21,789,860,711	21,789,860,711
Ordinary share capital (Yuan)	21,789,860,711	21,789,860,711

The registered currency of the Bank's paid-in capital is RMB. As at 31 December 2025, the Bank's total share capital is 21,789,860,711 shares (31 December 2024: 21,789,860,711 shares), with par value per share of 1 Yuan.

VII Notes to the financial statements (continued)

31 Other equity instruments

	The Group and the Bank			
	31 December 2025		31 December 2024	
	Quantity (billion shares)	Carrying amount	Quantity (billion shares)	Carrying amount
Perpetual bonds (i)				
Undated capital bonds	0.50	50,000	0.50	50,000

- (i) Pursuant to the approval of the relevant regulatory authorities, the Bank issued write-down undated capital bonds (Series I) with an aggregate principal amount of RMB30 billion on the interbank bond market on 19 June 2024, and the issuance was fully completed on 21 June 2024. The bonds have a face value of RMB100 per unit, with a fixed coupon rate of 2.39% per annum for the first five years, and the coupon rate will be adjusted every five years thereafter. The Bank issued write-down undated capital bonds (Series II) with an aggregate principal amount of RMB20 billion on the interbank bond market on 21 November 2024, and the issuance was fully completed on 25 November 2024. The bonds have a face value of RMB100 per unit, with a fixed coupon rate of 2.42% per annum for the first five years, and the coupon rate will be adjusted every five years thereafter.

The maturity of the above bonds is consistent with the Bank's operation period. The bonds above include a conditional redemption option for the Bank. The Bank has the right to redeem the bonds, in whole or in part, after 5 years from the date of issuance, on the interest payment date of each year (including the interest payment date of the 5th year after the date of issuance). In the event of unanticipated regulatory rule changes that result in these bonds no longer being classified as other tier 1 capital, the Bank has the right to redeem the bonds in full, rather than in part.

The Bank is required to exercise the redemption right with the approval of the State Administration of Financial Supervision (SAFS) and subject to the following conditions: (i) replacement of the redeemed instrument with capital instruments of equal or higher quality, and such replacement may be carried out only under the condition of sustainability of the revenue capacity; (ii) or the capital level remains significantly above the regulatory capital requirements stipulated by the SAFS after the exercise of the redemption right.

The above bonds carry non-cumulative interest, and the Bank has the right to partially or completely cancel the interest payment of the bonds, and this does not constitute an event of default. The proceeds of the canceled interest payment can be used to pay other debts as they fall due. The cancellation of all or part of the interest of these bonds, apart from restricting the distribution of dividends on ordinary shares, does not impose any other restrictions on the Bank.

32 Capital reserve

	The Group and the Bank	
	31 December 2025	31 December 2024
Share premium	53,307	53,307

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

33 Other comprehensive income

(1) Statement of other comprehensive income in the balance sheet

	The Group		
	31 December 2025		
	Amount before tax	Income tax	Net amount after tax
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of other equity investments	3,115	(781)	2,334
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of other debt investments	2,600	(650)	1,950
Provision for credit impairment of other debt investments	482	(120)	362
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	8	(2)	6
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	122	(31)	91
Cash flow hedge reserve	(40)	10	(30)
Exchange differences on translation of financial statements and others	289	(8)	281
Sub-total	3,461	(801)	2,660
Total other comprehensive income	6,576	(1,582)	4,994

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(1) Statement of other comprehensive income in the balance sheet (continued)

	The Group		
	31 December 2024		
	Amount before tax	Income tax	Net amount after tax
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of other equity investments	3,137	(784)	2,353
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of other debt investments	7,844	(1,961)	5,883
Provision for credit impairment of other debt investments	442	(110)	332
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	133	(33)	100
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	255	(64)	191
Exchange differences on translation of financial statements and others	256	–	256
Sub-total	8,930	(2,168)	6,762
Total other comprehensive income	12,067	(2,952)	9,115

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(1) Statement of other comprehensive income in the balance sheet (continued)

	The Bank		
	31 December 2025		
	Amount before tax	Income tax	Net amount after tax
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of other equity investments	3,115	(781)	2,334
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of other debt investments	2,600	(650)	1,950
Provision for credit impairment of other debt investments	482	(120)	362
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	8	(2)	6
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	122	(31)	91
Cash flow hedge reserve	(40)	10	(30)
Exchange differences on translation of financial statements and others	289	(8)	281
Sub-total	3,461	(801)	2,660
Total other comprehensive income	6,576	(1,582)	4,994

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(1) Statement of other comprehensive income in the balance sheet (continued)

	The Bank		
	31 December 2024		
	Amount before tax	Income tax	Net amount after tax
Items that may not be reclassified subsequently to profit or loss			
Changes in fair value of other equity investments	3,137	(784)	2,353
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of other debt investments	7,833	(1,958)	5,875
Provision for credit impairment of other debt investments	442	(110)	332
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	133	(33)	100
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	255	(64)	191
Exchange differences on translation of financial statements and others	255	–	255
Sub-total	8,918	(2,165)	6,753
Total other comprehensive income	12,055	(2,949)	9,106

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(2) Statement of other comprehensive income in the income statement

	The Group			
	2025			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other equity investments	(13)	-	3	(10)
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	(3,225)	(2,019)	1,311	(3,933)
Provision for credit impairment of other debt investments	40	-	(10)	30
Changes in fair value of loans and advances to customers measured at fair value through other comprehensive income	413	(538)	31	(94)
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	(133)	-	33	(100)
Cash flow hedge reserve	(40)	-	10	(30)
Exchange differences on translation of financial statements and others	36	-	(11)	25
Sub-total	(2,909)	(2,557)	1,364	(4,102)
Total	(2,922)	(2,557)	1,367	(4,112)

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(2) Statement of other comprehensive income in the income statement (continued)

	The Group			
	2024			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other equity investments	657	-	(181)	476
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	8,145	(1,788)	(1,589)	4,768
Provision for credit impairment of other debt investments	64	-	(16)	48
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	570	(417)	(38)	115
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	58	-	(15)	43
Exchange differences on translation of financial statements and others	69	-	-	69
Sub-total	8,906	(2,205)	(1,658)	5,043
Total	9,563	(2,205)	(1,839)	5,519

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(2) Statement of other comprehensive income in the income statement (continued)

	The Bank			
	2025			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other equity investments	(13)	-	3	(10)
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	(3,223)	(2,010)	1,308	(3,925)
Provision for credit impairment of other debt investments	40	-	(10)	30
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	413	(538)	31	(94)
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	(133)	-	33	(100)
Cash flow hedge reserve	(40)	-	10	(30)
Exchange differences on translation of financial statements and others	34	-	(8)	26
Sub-total	(2,909)	(2,548)	1,364	(4,093)
Total	(2,922)	(2,548)	1,367	(4,103)

VII Notes to the financial statements (continued)

33 Other comprehensive income (continued)

(2) Statement of other comprehensive income in the income statement (continued)

	The Bank			
	2024			
	Amount incurred before income tax for the current year	Less: Reclassification of previous other comprehensive income to profit or loss in the current year	Less: Income tax expenses	Other comprehensive income, net of tax
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other equity investments	657	-	(181)	476
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of other debt investments	8,136	(1,785)	(1,587)	4,764
Provision for credit impairment of other debt investments	64	-	(16)	48
Change in the fair value of loans and advances to customers measured at fair value through other comprehensive income	570	(417)	(38)	115
Provision for credit impairment of loans and advances to customers measured at fair value through other comprehensive income	58	-	(15)	43
Exchange differences on translation of financial statements and others	67	-	-	67
Sub-total	8,895	(2,202)	(1,656)	5,037
Total	9,552	(2,202)	(1,837)	5,513

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

34 Surplus reserve

	The Group and the Bank	
	2025	2024
Opening balance	18,888	17,387
Charge for the year	1,277	1,501
Ending balance	20,165	18,888

(a) In accordance with the Company Law of the PRC and the Articles of Association of the Bank, the Bank shall appropriate 10% of profit for the year to the statutory surplus reserve, and the Bank can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid-in capital after approval from the appropriate authorities.

35 General reserve

	The Group	
	2025	2024
Opening balance	43,640	40,684
Charge for the year	353	2,956
Ending balance	43,993	43,640

	The Bank	
	2025	2024
Opening balance	43,380	40,465
Charge for the year	317	2,915
Ending balance	43,697	43,380

In accordance with the Measures for the Provision of Reserves by Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance, the Bank appropriates a general reserve from its net profit through profit distribution; the general reserve constitutes an integral part of equity and shall not be used for dividend distribution. The amount of the general reserve is determined by the Bank after comprehensively considering factors such as its risk profile, and the balance of the general reserve shall not be less than 1.5% of the balance of risk-weighted assets at the end of the period. The Bank's subsidiary also maintains a general reserve in accordance with its respective regulatory requirements.

VII Notes to the financial statements (continued)

36 Appropriation of profit

- (a) According to relevant laws and regulations, the Bank has proposed following profit distribution plan for the year ended 31 December 2025:
- Appropriated 10% of profit for the year, amounting to RMB1,277 million to the statutory surplus reserve;
 - Appropriated a general reserve of RMB317 million at the end of 2025 based on the balance of risk assets of the Bank as at the end of 2025.
 - Distributed cash dividends of RMB0.659 (tax inclusive) per 10 shares to shareholders registered in the share ledger, amounting to a total dividends of RMB1,436 million. The dividend payable is not reflected in liabilities of the financial statements.

The above profit distribution plan is subject to approval of the Bank's Shareholders' Annual General Meeting.

- (b) At the 2024 Annual General Meeting held on 27 June 2025, the shareholders approved the following appropriations of the Bank's profits for the year ended 31 December 2024:
- Appropriated 10% of profit for the year, amounting to RMB1,501 million to the statutory surplus reserve;
 - Appropriated a general reserve of RMB2,915 million at the end of 2024 based on the balance of risk assets of the Bank as at the end of 2024;
 - Distributed cash dividends of RMB0.767 (tax inclusive) per 10 shares to shareholders registered in the share ledger, amounting to a total dividends of RMB1,671 million.

In distributing cash dividends to shareholders, the Bank withholds and remits the applicable income tax on behalf of its individual shareholders in accordance with the relevant tax administration laws and regulations of the PRC. Corporate shareholders are required to pay income tax at their applicable tax rates.

- (c) During the year 2025, the Bank paid interests in respect of the 2024 Undated Capital Bonds on 21 June 2025 and 25 November 2025, amounting to RMB1,201 million in total (2024: interest in respect of the 2019 Undated Capital Bonds paid amounted to a total of RMB2,025 million).

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

37 Net interest income

	The Group	
	2025	2024
Interest income		
Due from central banks	2,003	2,124
Due from banks and other financial institutions	84	121
Placements with banks and other financial institutions	1,835	1,868
Financial assets held under resale agreements	421	628
Loans and advances to customers		
– Corporate loans and advances	37,855	37,970
– Personal loans and advances	37,600	46,026
– Discounted notes	2,091	3,443
Financial investments	25,383	25,283
Sub-total	107,272	117,463
Interest expenses		
Due to central banks	(710)	(1,576)
Due to banks and other financial institutions	(5,867)	(9,191)
Placements from banks and other financial institutions	(1,571)	(1,791)
Financial assets sold under repurchase agreements	(2,004)	(1,449)
Customer deposits	(40,101)	(44,119)
Bonds issued	(9,031)	(9,686)
Sub-total	(59,284)	(67,812)
Net interest income	47,988	49,651

VII Notes to the financial statements (continued)

37 Net interest income (continued)

	The Bank	
	2025	2024
Interest income		
Due from central banks	2,003	2,124
Due from banks and other financial institutions	73	107
Placements with banks and other financial institutions	1,835	1,868
Financial assets held under resale agreements	419	628
Loans and advances to customers		
– Corporate loans and advances	37,855	37,970
– Personal loans and advances	37,600	46,026
– Discounted notes	2,091	3,443
Financial investments	25,295	25,186
Sub-total	107,171	117,352
Interest expenses		
Due to central banks	(710)	(1,576)
Due to banks and other financial institutions	(5,875)	(9,193)
Placements from banks and other financial institutions	(1,571)	(1,791)
Financial assets sold under repurchase agreements	(2,004)	(1,449)
Customer deposits	(40,101)	(44,119)
Bonds issued	(9,031)	(9,686)
Sub-total	(59,292)	(67,814)
Net interest income	47,879	49,538

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

38 Net fee and commission income

	The Group	
	2025	2024
Fee and commission income		
Bank card fees	9,710	10,981
Settlement and clearing fees	1,066	862
Agency service fees	929	964
Guarantee and commitment fees	673	695
Commission on trust and fiduciary activities	586	587
Consultancy and advisory fees	368	322
Debenture underwriting fees	319	340
Commission on wealth management products	309	584
Others	197	295
Sub-total	14,157	15,630
Fee and commission expenses		
Bank card fees	(3,694)	(4,179)
Settlement and clearing fees	(251)	(240)
Agency expenses	(56)	(81)
Others	(88)	(156)
Sub-total	(4,089)	(4,656)
Net fee and commission income	10,068	10,974

VII Notes to the financial statements (continued)

38 Net fee and commission income (continued)

	The Bank	
	2025	2024
Fee and commission income		
Bank card fees	9,710	10,981
Settlement and clearing fees	1,066	862
Agency service fees	929	964
Guarantee and commitment fees	673	695
Commission on trust and fiduciary activities	586	587
Consultancy and advisory fees	368	322
Debenture underwriting fees	319	340
Commission on wealth management products	1	259
Others	196	294
Sub-total	13,848	15,304
Fee and commission expenses		
Bank card fees	(3,694)	(4,179)
Settlement and clearing fees	(251)	(240)
Agency expenses	(56)	(81)
Others	(88)	(156)
Sub-total	(4,089)	(4,656)
Net fee and commission income	9,759	10,648

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

39 Investment income

	The Group	
	2025	2024
Gains on financial assets at fair value through profit or loss	2,973	3,376
Gains on disposal of financial assets at fair value through other comprehensive income	2,019	1,788
Gains on derecognition of financial assets at amortised cost	1,597	1,555
Losses on derivative financial instruments	(678)	(446)
Precious metal investment gains/(losses)	174	(61)
Gains/(losses) on financial liabilities at fair value through profit or loss	36	(14)
Others	607	474
Total	6,728	6,672

	The Bank	
	2025	2024
Gains on financial assets at fair value through profit or loss	2,930	3,348
Gains on disposal of financial assets at fair value through other comprehensive income	2,010	1,785
Gains on derecognition of financial assets at amortised cost	1,587	1,549
Losses on derivative financial instruments	(678)	(446)
Precious metal investment gains/(losses)	174	(61)
Gains/(losses) on financial liabilities at fair value through profit or loss	36	(14)
Others	607	474
Total	6,666	6,635

VII Notes to the financial statements (continued)

40 Gains/(losses) arising from changes in fair value

	The Group	
	2025	2024
Financial assets held for trading, precious metals and others	(1,952)	1,435
Derivative financial assets and derivative financial liabilities	112	15
Total	(1,840)	1,450

	The Bank	
	2025	2024
Financial assets held for trading, precious metals and others	(1,943)	1,418
Derivative financial assets and derivative financial liabilities	112	15
Total	(1,831)	1,433

41 Foreign exchange gains

Foreign exchange gains/(losses) mainly consist of the gains or losses arising from conversion of foreign currency assets and liabilities, and the realised gains or losses and unrealised changes in the fair value arising from foreign exchange derivatives.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

42 Taxes and surcharges

	The Group	
	2025	2024
City maintenance and construction tax	359	390
Education surcharge	257	279
Others	207	168
Total	823	837

	The Bank	
	2025	2024
City maintenance and construction tax	358	389
Education surcharge	256	279
Others	207	167
Total	821	835

43 Operating and administrative expenses

	The Group	
	2025	2024
Staff costs	15,033	15,949
Depreciation, amortisation and rental expenses	4,683	4,629
Others operating and administrative expenses	4,720	5,481
Total	24,436	26,059

	The Bank	
	2025	2024
Staff costs	14,958	15,856
Depreciation, amortisation and rental expenses	4,633	4,572
Others operating and administrative expenses	4,697	5,457
Total	24,288	25,885

VII Notes to the financial statements (continued)

44 Credit impairment losses

	The Group	
	2025	2024
Loans and advances to customers		
– Loans and advances to customers measured at amortised cost	23,690	23,390
– Loans and advances to customers measured at fair value through other comprehensive income	(133)	58
Financial investments		
– Debt investments	(7)	(9)
– Other debt investments	44	62
Provisions for guarantee and commitment	(79)	(238)
Placements with banks and other financial institutions	9	165
Due from banks and other financial institutions	(2)	3
Others	17	34
Total	23,539	23,465

	The Bank	
	2025	2024
Loans and advances to customers		
– Loans and advances to customers measured at amortised cost	23,690	23,390
– Loans and advances to customers measured at fair value through other comprehensive income	(133)	58
Financial investments		
– Debt investments	(7)	(9)
– Other debt investments	44	62
Provisions for guarantee and commitment	(79)	(238)
Placements with banks and other financial institutions	9	165
Due from banks and other financial institutions	(2)	3
Others	17	34
Total	23,539	23,465

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

45 Income tax expenses

		The Group	
		2025	2024
Current income tax		3,387	4,043
Deferred income tax		(1,499)	(945)
Total		1,888	3,098

		The Bank	
		2025	2024
Current income tax		3,332	3,984
Deferred income tax		(1,498)	(944)
Total		1,834	3,040

The reconciliation from income tax calculated based on the applicable tax rates and profit before income tax presented in the consolidated financial statements to the income tax expenses is listed below:

		The Group	
		2025	2024
Profit before income tax		14,917	18,382
Income tax expenses at statutory tax rate of 25%		3,729	4,595
Non-deductible expenses (i)		1,889	1,483
Income not subject to income tax (ii)		(3,442)	(3,768)
Others		(288)	788
Income tax expenses		1,888	3,098

		The Bank	
		2025	2024
Profit before income tax		14,607	18,046
Income tax expenses at statutory tax rate of 25%		3,652	4,511
Non-deductible expenses (i)		1,889	1,483
Income not subject to income tax (ii)		(3,419)	(3,742)
Others		(288)	788
Income tax expenses		1,834	3,040

(i) These amounts primarily represent staff costs in excess of the statutory deductible threshold, non-deductible entertainment expenses and impairment losses not expected to be approved by the tax authorities.

(ii) These amounts primarily represent interest income from central government bonds and local government bonds.

VII Notes to the financial statements (continued)

46 Notes to the statements of cash flows

(a) Reconciliation from profit for the year to cash flows from operating activities

	The Group	
	2025	2024
Profit for the year	13,029	15,284
Add: Other assets impairment losses	3	3
Credit impairment losses	23,539	23,465
Depreciation of right-of-use assets	1,389	1,504
Depreciation of fixed assets	1,079	1,047
Amortisation of intangible assets	1,873	1,696
Amortisation of long-term prepaid expenses	311	336
Gains on disposals of fixed assets, intangible assets and other long-term assets	(15)	(34)
Losses on scrapping of long-term assets	13	11
Unrealized foreign exchange gains or losses	1,842	(1,143)
Losses/(gains) arising from changes in fair value	1,840	(1,450)
Investment income	(6,190)	(6,316)
Interest income from investments	(25,383)	(25,283)
Interest expenses on bonds issued	9,031	9,686
Interest expenses on lease liabilities	131	162
Increase in deferred tax assets	(1,499)	(945)
Increase in operating receivables	(102,716)	(68,499)
Increase/(decrease) in operating payables	119,425	(43,501)
Net cash flows from operating activities	37,702	(93,977)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

46 Notes to the statements of cash flows (continued)

(a) Reconciliation from profit for the year to cash flows from operating activities (continued)

	The Bank	
	2025	2024
Profit for the year	12,773	15,006
Add: Other assets impairment losses	3	3
Credit impairment losses	23,539	23,465
Depreciation of right-of-use assets	1,380	1,488
Depreciation of fixed assets	1,074	1,041
Amortisation of intangible assets	1,840	1,664
Amortisation of long-term prepaid expenses	308	334
Gains on disposals of fixed assets, intangible assets and other long-term assets	(15)	(34)
Losses on scrapping of long-term assets	13	11
Unrealized foreign exchange gains or losses	1,842	(1,143)
Losses/(gains) arising from changes in fair value	1,831	(1,433)
Investment income	(6,128)	(6,279)
Interest income from investments	(25,295)	(25,186)
Interest expenses on bonds issued	9,031	9,686
Interest expenses on lease liabilities	131	162
Increase in deferred tax assets	(1,498)	(944)
Increase in operating receivables	(102,821)	(68,482)
Increase/(decrease) in operating payables	119,628	(43,515)
Net cash flows from operating activities	37,636	(94,156)

VII Notes to the financial statements (continued)

46 Notes to the statements of cash flows (continued)

(b) Net (decrease)/increase in cash and cash equivalents

	The Group	
	2025	2024
Cash at the end of the year	3,093	3,164
Less: Cash at the beginning of the year	(3,164)	(3,014)
Add: Cash equivalents at the end of the year	90,701	265,180
Less: Cash equivalents at the beginning of the year	(265,180)	(205,917)
Net (decrease)/increase in cash and cash equivalents	(174,550)	59,413

	The Bank	
	2025	2024
Cash at the end of the year	3,093	3,164
Less: Cash at the beginning of the year	(3,164)	(3,014)
Add: Cash equivalents at the end of the year	89,308	264,574
Less: Cash equivalents at the beginning of the year	(264,574)	(205,575)
Net (decrease)/increase in cash and cash equivalents	(175,337)	59,149

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VII Notes to the financial statements (continued)

46 Notes to the statements of cash flows (continued)

(c) Cash and cash equivalents

	The Group	
	31 December 2025	31 December 2024
Cash on hand	3,093	3,164
Due from central banks	28,357	26,756
Due from banks and other financial institutions	9,935	7,394
Placements with banks and other financial institutions and Financial assets held under resale agreements	52,409	231,030
Total	93,794	268,344

	The Bank	
	31 December 2025	31 December 2024
Cash on hand	3,093	3,164
Due from central banks	28,357	26,756
Due from banks and other financial institutions	8,942	6,788
Placements with banks and other financial institutions and Financial assets held under resale agreements	52,009	231,030
Total	92,401	267,738

The original maturity of financial assets classified as cash equivalents is within 3 months.

VIII Segment information

1 Geographical segments

The Group operates principally in Mainland China. Apart from the Head Office, the Group has 49 direct branches in Beijing, Shanghai, Dalian, Shenyang, Zhengzhou, Nanjing, Hangzhou, Kunming, Guangzhou, Shenzhen, Dongguan, Zhuhai, Shantou, Meizhou, Huizhou, Shaoguan, Qingyuan, Zhongshan, Foshan, Jiangmen, Zhaoqing, Yangjiang, Zhanjiang, Wuhan, Maoming, Heyuan, Changsha, Tianjin, Harbin, Jinan, Urumqi, Chengdu, Fuzhou, Ningbo, Suzhou, Hefei, Chongqing, Xi'an, Shijiazhuang, Nanchang, Nanning, Taiyuan, Changchun, Guiyang, Qingdao, Haikou, Hohhot, Macau and Hong Kong respectively. Meanwhile, the Group has set up a capital operation centre and GuangYin Wealth Management Co., Ltd. in Shanghai.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches that generate the income. Assets are allocated based on the geographical location of the underlying assets.

Geographical areas which are based on the location of the Group's organizations, as defined for management reporting purposes, are as follows:

- “Yangtze River Delta”: Shanghai, Jiangsu Province and Zhejiang Province;
- “Pearl River Delta”: Guangdong Province, Fujian Province and Hainan Province;
- “Bohai Rim”: Beijing, Tianjin, Liaoning Province, Heilongjiang Province, Jilin Province, Shandong Province and Hebei Province;
- “Central and Western Areas”: Henan Province, Hubei Province, Hunan Province, Yunnan Province, Sichuan Province, Guizhou Province, Anhui Province, Shaanxi Province, Chongqing, Guangxi Zhuang Autonomous Region, Jiangxi Province, Shanxi Province, Xinjiang Uygur Autonomous Region and Neimenggu Autonomous Region;
- Head Office: Head Office and Credit Card Centre;
- Overseas: Macau and Hong Kong.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

VIII Segment information (continued)

2 Operating segments

The Group manages its business by business lines and geographical areas. The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resource allocation and performance assessment. The Group defines reporting segments based on the following business operating segments:

Corporate banking business

This segment provides financial products and services to corporations, government agencies and financial institutions. The range of products and services includes corporate loans, trade financing, deposit services, agency services, cash management services, finance consulting and advisory services, remittance and settlement services, and guarantee services.

Retail banking and credit card business

This segment provides financial products and services to individual customers. The range of products and services includes loans, deposit services, wealth management services, remittance services, securities agency services and credit card services, etc.

Treasury operations and other business

This segment contains the income, assets and liabilities of GuangYin Wealth Management Co., Ltd.

Treasury operations and other business cover inter-bank market transactions, repurchase transactions, debenture investments and transactions, derivative financial instruments, custody services, asset management services, equity investments, foreign currency trading and segments that could not be listed separately or could not be divided by any reasonable benchmark. It also covers the management of the Group's overall liquidity position, including the issuance of bonds

Segment accounting policies are consistent with those for the Group's financial statements. Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer pricing are determined with reference to market price and have been reflected in the performance of each segment.

Segment income, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, assets, and liabilities include intra-bank balances and intra-bank transactions that are eliminated in the preparation of the financial statements.

VIII Segment information (continued)

2 Operating segments (continued)

	The Group			
	2025			
	Corporate banking business	Retail banking and credit card business	Treasury operations and other business	Total
Net interest income	20,981	22,344	4,663	47,988
Net fee and commission income	2,217	6,842	1,009	10,068
Net other income	417	59	5,410	5,886
Revenue	23,615	29,245	11,082	63,942
Segment assets	1,325,958	812,102	1,593,794	3,731,854
Segment liabilities	1,518,274	694,913	1,213,611	3,426,798

	The Group			
	2024			
	Corporate banking business	Retail banking and credit card business	Treasury operations and other business	Total
Net interest income	19,729	23,689	6,233	49,651
Net fee and commission income	2,030	7,651	1,293	10,974
Net other income	431	10	8,171	8,612
Revenue	22,190	31,350	15,697	69,237
Segment assets	1,169,629	854,694	1,620,670	3,644,993
Segment liabilities	1,631,297	642,009	1,072,676	3,345,982

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IX Related parties and related party transactions

1 Major shareholders and subsidiary of the Group

The Bank has no controlling shareholders. According to the Interim Measures for the Equity Management of Commercial Banks (China Banking Regulatory Commission [2018] No.1), the related parties of the Bank's major shareholders refer to shareholders who hold more than 5% of the Bank's shares or a shareholder who has a total share of less than 5% but has a significant impact on the Bank's operations and management. Among them, major influences include, but are not limited to, the dispatch of directors, supervisors or senior management personnel to the Bank. As at 31 December 2025, the related parties of the Bank's major shareholders were as follows:

	Place of registration	Registered Capital	Shareholding in the Bank as at 31 December 2025	Main operations	Relationship with the Bank	Nature or type of business	Legal representative
China Life Insurance Company Limited	Beijing	RMB28.265 billion	43.686%	Providing personal life insurance, group life insurance, accident insurance and health insurance products and services, etc.	Shareholder	Joint-stock enterprise	Li Mingguang
CITIC Trust Co., Ltd.	Beijing	RMB11.276 billion	14.137%	Trust, investment funds, advisory and consulting, debenture underwriting, inherent property application, inter-bank money market transactions and other business permitted by regulations or approved by the former China Banking Regulatory Commission, etc.	Shareholder	Limited liability company	Lv Tiangu
State Grid Yingda International Holdings Corporation, Ltd.	Beijing	RMB108.112 billion	8.919%	Investment and asset management; asset custody; services for corporate restructuring, mergers and acquisitions, strategic allotment and venture capital; investment consultant	Shareholder	Limited liability company	Yu Huajun
Jiangxi Provincial Transportation Investment Group Co., Ltd.	Nanchang	RMB9.505 billion	8.184%	Investment, construction and operation of expressway infrastructure, operation of expressway service area and construction of transportation infrastructure, etc.	Shareholder	Limited liability company	Xie Jianfa
The Ministry of Finance of the People's Republic of China (a)	Beijing	/	5.218%	/	Shareholder	/	/
Guangzhou Urban Construction Investment Group Co., Ltd.	Guangzhou	RMB17.524 billion	3.414%	Municipal facilities management, investment management service, real estate development and management, engineering project management	Shareholder	Limited liability company	Zheng Hongwei

(a) According to the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions, the regulatory requirements for the management of related parties are not applicable to the Ministry of Finance of the People's Republic of China.

Note: On 22 December 2025, the National Financial Regulatory Administration ("NFRA") approved the amendments to the Bank's Articles of Association. Effective from that date, in accordance with the Articles of Association, the Bank ceased to maintain any position of supervisor or the Board of Supervisors. Accordingly, Shantou Investment Holding Group Co., Ltd. was no longer classified as a major shareholder of the Bank since 22 December 2025.

IX Related parties and related party transactions (continued)

1 Major shareholders and subsidiary of the Group (continued)

Changes in major shareholders' shareholdings in the Bank

	31 December 2025	
	Shares (Share)	Shareholding (%)
China Life Insurance Company Limited	9,519,210,262	43.686
CITIC Trust Co., Ltd.	3,080,479,452	14.137
State Grid Yingda International Holdings Corporation, Ltd.	1,943,533,352	8.919
Jiangxi Provincial Transportation Investment Group Co., Ltd.	1,783,343,771	8.184
The Ministry of Finance of the People's Republic of China	1,136,946,100	5.218
Guangzhou Urban Construction Investment Group Co., Ltd.	744,013,552	3.414
	31 December 2024	
	Shares (Share)	Shareholding (%)
China Life Insurance Company Limited	9,519,210,262	43.686
CITIC Trust Co., Ltd.	3,080,479,452	14.137
State Grid Yingda International Holdings Corporation, Ltd.	1,943,533,352	8.919
Jiangxi Provincial Transportation Investment Group Co., Ltd.	1,783,343,771	8.184
The Ministry of Finance of the People's Republic of China	1,136,946,100	5.218
Guangzhou Urban Construction Investment Group Co., Ltd.	744,013,552	3.414
Shantou Investment Holdings Group Co., Ltd.	23,323,753	0.107

The related party transactions and balances with major shareholders of the Group and their affiliates are summarised in Note IX.5 and 7.

Affiliates of the Bank's major shareholders include the companies controlled or jointly controlled by the Bank's major shareholders, the parent companies of the Bank's major shareholders and the companies controlled or jointly controlled by the same parent company.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IX Related parties and related party transactions (continued)

2 Other related parties

Other related parties include companies directly or indirectly controlled and jointly controlled by the Bank's directors, supervisors, senior management and close family members, or companies in which the Bank's directors, supervisors, senior management and close family members serve as their directors or senior management personnel, and joint ventures and subsidiaries of the entities exerting significant influence on the Bank.

3 Controlled subsidiary

Refer to the controlled subsidiary of the Bank is detailed in Note VII.11.

4 Related natural persons

- (1) Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including directors, supervisors and senior management.
- (2) Close family members of the above key management.

IX Related parties and related party transactions (continued)

5 Related party transactions

	Main shareholders	Controlled subsidiary	Other related parties	Total
Transactions for the year ended 31 December 2025:				
Interest income	145	-	-	145
Fee and commission income	486	-	-	486
Investment income	(73)	-	-	(73)
Other operating income	4	9	-	13
Interest expenses	(322)	(7)	2	(327)
Fee and commission expenses	(17)	-	-	(17)
Operating and administrative expenses	(202)	-	-	(202)
Non-operating expenses	(15)	-	-	(15)
Balances as at 31 December 2025:				
Due from banks and other financial institutions	2	-	-	2
Financial assets held for trading	18,869	-	-	18,869
Derivative financial assets	309	-	-	309
Loans and advances to customers	18,948	-	4	18,952
Other debt investments	4,211	-	-	4,211
Right-of-use assets	430	-	1	431
Other assets	70	-	-	70
Due to banks and other financial institutions	20,971	283	-	21,254
Derivative financial liabilities	21	-	-	21
Customer deposits	18,965	-	86	19,051
Lease liabilities	418	-	1	419
Other liabilities	7	-	-	7

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

IX Related parties and related party transactions (continued)

5 Related party transactions (continued)

	Main shareholders	Controlled subsidiary	Other related parties	Total
Transactions for the year ended 31 December 2024				
Interest income	264	–	–	264
Fee and commission income	330	–	–	330
Investment income	744	–	–	744
Other operating income	2	71	–	73
Non-operating income	3	–	–	3
Interest expenses	(1,647)	(2)	(5)	(1,654)
Fee and commission expenses	(5)	–	–	(5)
Operating and administrative expenses	(1,054)	–	–	(1,054)
Balances as at 31 December 2024:				
Financial assets held for trading	26,579	–	–	26,579
Derivative financial assets	240	–	–	240
Loans and advances to customers	14,279	–	4	14,283
Other debt investments	5,074	–	–	5,074
Right-of-use assets	156	–	–	156
Due to banks and other financial institutions	23,272	54	–	23,326
Derivative financial liabilities	63	–	–	63
Customer deposits	34,194	–	80	34,274
Bonds issued	49	–	–	49
Lease liabilities	146	–	–	146

Other than the balances above, the Bank has no other amounts related to shareholders having 5% or more of the Bank's shares or holding less than 5% of the total shares but having a significant impact on the Bank's operation and management. All significant related-party transactions of the Bank (including the manner and terms of receipt and payment) are conducted on normal commercial terms.

Transactions with related natural persons and other related parties are conducted in accordance with normal commercial terms and business procedures, on the basis of general transaction prices. Except for the transactions with other related parties disclosed in Note IX.5 and 7, other transactions between the Bank and related natural persons and other related parties are not significant. Therefore, the Bank does not disclose those transactions.

IX Related parties and related party transactions (continued)

6 Remuneration of key management

	2025	2024
Remuneration of key management	27	28

Total compensation package for key management for the year ended 31 December 2025 has not yet been finalised in accordance with regulations of relevant authorities. But it is expected to have no significant impact on the Bank's financial statements for the year ended 31 December 2025.

During 2025 and 2024, there were no amounts paid or payable by the Bank to the directors, supervisors or senior management as an inducement to join or upon joining the Bank or as termination benefits. None of the directors, supervisors or senior management has waived or agreed to waive any emoluments.

7 Enterprise annuity

During 2025, the Group made annuity contributions of RMB799 million to the Annuity Plan managed by China Life Pension Company Limited. The contributions of the Bank and the employees were RMB639 million and RMB160 million respectively. (2024: RMB814 million, including RMB651 million contributed by the Bank and RMB163 million contributed by employees).

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

X Interests in structured entities

1. Unconsolidated structured entities

Unconsolidated structured entities sponsored and managed by the Group

The unconsolidated structured entities sponsored and managed by the Group consist primarily of non-principal guaranteed wealth management products (WMPs), which are not subject to any guarantee of the Group on the principal invested or interest to be paid. The WMPs are mainly invested in money market instruments, bonds, bank deposits, non-standard debt assets, public funds and other assets that are allowed to be invested by regulations. As the manager of these products, the Group manages and invests the wealth management funds in accordance with the provisions of the product contracts, and distributes the principal and investment income (if any) to investors according to the operation of the products.

As at 31 December 2025, the size of non-principal guaranteed WMPs issued by the Group amounted to RMB190,809 million (31 December 2024: RMB182,368 million). In 2025, the Group's revenue from WMPs service was RMB309 million (2024: RMB584 million).

Other unconsolidated structured entities invested by the Group

The Group invests in other unconsolidated structured entities which are sponsored or managed by other entities for investment return, and related gains or losses are included in gains or losses arising from changes in fair value, investment income or losses, and interest income therefrom. These unconsolidated structured entities mainly comprise asset management products, fund products and asset-backed securities invested by the Group. As at 31 December 2025, the carrying amount of the above unconsolidated structured entities held by the Group and the resulting maximum risk exposure amounted to RMB97,026 million (31 December 2024: RMB126,772 million), which are presented in financial assets held for trading and debt investments of the Group's consolidated financial statements separately.

XI Commitments

1 Loan commitments and financial guarantee contracts

	The Group and the Bank	
	31 December 2025	31 December 2024
Undrawn credit facilities	786,292	818,097
Bank acceptance notes	330,031	349,716
Letters of credit issued	137,900	95,884
Guarantee and letters of guarantee issued	64,329	60,775
Loan commitments	24,325	42,559
Total	1,342,877	1,367,031

Loan commitments and financial guarantee contracts include credit facilities provided to customers and general credit facilities which can be realised by loans or letters of credit issued, guarantee and letters of guarantee issued or bank acceptance notes.

2 Capital commitments

Capital commitments contracted for by the Group and the Bank but are not yet necessary to be recognised on the balance sheets as at the balance sheet date are as follows:

	The Group	
	31 December 2025	31 December 2024
Contracted but not provided	1,449	4,254

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XI Commitments (continued)

3 National bonds redemption commitments

The Group and the Bank are appointed by the Ministry of Finance as its agent to underwrite national bonds. The Group and the Bank are obliged to redeem the bonds at the discretion of the holders prior to maturity. The redemption price for the bonds is based on the principal of the bonds plus any interest payable as determined under early redemption agreement.

As at 31 December 2025, the principal balance of the acceptance of the Group and the Bank in respect of underwritten, sold but not yet matured Chinese government bonds in the current year amounted to RMB1,486 million (31 December 2024: RMB2,001 million). The original maturities of the above national bonds vary from 3 to 5 years.

4 Lawsuits

The Group and the Bank acted as defendants in a number of legal proceedings in the normal course of business. As at 31 December 2025, according to court judgement or opinion of legal advisor, the Group and the Bank made provision of RMB73 million (31 December 2024: RMB138 million).

XII Collateral

1 Financial assets pledged as collateral

Financial assets of the Group including bonds and notes have been pledged as collateral for liabilities or contingent liabilities, mainly the repurchase agreements, due to central banks, the time deposits placed by Central Treasury in the commercial banks and bonds lending. As at 31 December 2025, the carrying amounts of the above financial assets pledged as collateral are as follows:

	The Group and the Bank	
	31 December 2025	31 December 2024
Bonds	380,223	259,324
Discounted notes	2,005	15,747
Total	382,228	275,071

As at 31 December 2025, the carrying amount of the Group's and the Bank's financial assets sold under repurchase agreements was RMB229,626 million (31 December 2024: RMB148,331 million). The repurchase agreements expire primarily within 1 year from the effective date.

XII Collateral (continued)

2 Collateral accepted for financial assets held under resale agreements

The Group conducts resale agreements under usual and customary terms of placements, and holds collateral for these transactions. As at 31 December 2025, the Group did not hold the collaterals for resale agreements which it was permitted to sell or repledge in the absence of default for the transactions (31 December 2024: Nil).

XIII Fiduciary activities

1 Entrusted loan business

The Group and the Bank act as the agent and grants such entrusted loans to borrowers under the direction of the third-party lenders who fund these loans. The Group and the Bank have been contracted by the third-party lenders to manage the administration and collection of these loans on their behalf. The credit risk is not recognised on the balance sheets as it remains with the trustees. As at 31 December 2025 and 31 December 2024, the scales of entrusted loans and deposits were as follows:

	The Group and the Bank	
	31 December 2025	31 December 2024
Entrusted deposits	(152,918)	(151,975)
Entrusted loans	152,918	151,975

2 Entrusted wealth management

The Group and the Bank's entrusted wealth management is primarily unconsolidated non-principal guaranteed WMPs sold to enterprises or individuals. Details are set out in Note X.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XIV Transfer of financial assets

1 Credit asset securitisation

The Group transfers credit assets to special purpose entities which in turn issue asset-backed securities or fund shares to investors. The Group may acquire some or all of the asset-backed securities and fund shares at the subordinated tranche level and accordingly, and may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that are securitised and qualified for derecognition, the Group derecognises the transferred credit assets in their entirety. As at 31 December 2025, the Group held asset-backed securities investments of RMB31 million (31 December 2024: RMB17 million) in such credit asset securitisation transactions, which also approximated the Group's maximum exposure to loss.

As at December 31, 2025, the Group no longer held any interests in securitized credit asset products, and the Group recognized the value of such assets as zero (31 December 2024: RMB717 million).

2 Transfer of right to earnings or right to properties

The Group enters into transfer of right to earnings or right to properties of credit assets transactions by which it transfers the right to structured entities which sell share of trust to investors. The Group would analyse and judge whether to derecognise relevant credit assets according to the degree of transfer of risks and rewards. The Group did not hold corresponding share in transfers of right to earnings and right to properties of credit assets transactions as at 31 December 2025 (31 December 2024: Nil), and the Group derecognised all transferred credit assets.

3 Transfer of non-performing loans

In 2025, the Group transferred non-performing loans on its balance sheets and written-off loans with a combined carrying amount of RMB7,394 million through transfers to third parties (2024: RMB2,776 million). The Group transferred all the risks and rewards of these non-performing loans and therefore derecognised these transferred non-performing loans.

4 Securities lending transactions

In securities lending transactions, the counterparties are allowed to sell or repledge those securities in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains all the risks and rewards of these securities and therefore has not derecognised them. As at 31 December 2025, the balance of assets transferred in the Group's securities lending transactions was RMB550 million (31 December 2024: RMB150 million).

XV Financial instruments and risk management

Overview

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management framework

The Board of Directors has overall responsibility for the Group's risk management, and is responsible for establishing risk culture and determining the risk preference and risk tolerance, evaluating and discussing its objectives, strategies, policies and process towards significant risk management. The Risk Management Committee has been established under the Board of Directors, and it is responsible for reviewing and discussing the Group's risk management strategies, risk management policies, major risk management matters and controlling, managing, evaluating and supervising the Group's risks. The Group does not have a supervisor or a board of supervisors. The Board of Directors has established an Audit Committee which performs the functions and powers of the supervisory committee as stipulated in the Company Law and regulatory requirements. Under the Senior Management, committees including the Internal Control, Compliance and Risk Management Committee, the Asset and Liability Management Committee, the Credit Approval Committee and the Non-performing Assets Disposal Review Committee are established, which are responsible for formulating strategies, guidelines and policies for the prevention of various types of risks.

The Risk Management Department is the leading department of the Group's overall risk management, responsible for the daily administration of comprehensive risk and leading the management of credit risk, market risk, operational risk and country risk. The Asset and Liability Management Department is the leading department in charge of the interest rate risk in the banking book and liquidity risk. The Legal and Compliance Department is the leading department responsible for compliance risk, information technology risk and money laundering risk. Other types of risks are managed by the respective competent departments. The business lines of the Group bear direct responsibility for risk management. The risk management lines are responsible for formulating policies and procedures, monitoring and managing risks. The Internal Audit Department is responsible for auditing the performance of the business departments and risk management departments. All risk management decisions of the Board of Directors, the Risk Management Committee of the Board of Directors and the Senior Management are implemented by relevant departments at branches and sub-branches under their guidance.

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For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

1 Market risk

Market risk refers to the potential loss in both on-balance and off-balance sheet businesses of the Group caused by adverse changes of market prices (interest rates, exchange rates, commodity prices, and stock prices). The market risk of the Group primarily arises from the interest rate risk and exchange rate risk of the banking business.

The Group has established its market risk management system in accordance with Rules on Capital Management of Commercial Banks and the Measures for Market Risk Management of Commercial Banks. With the approval of the Board of Directors, the Group has established Risk Management Committee to lead the market risk management of the Group. A Vice President in charge of risk management is appointed at the senior management level. Through the subordinate Internal Control, Compliance and Risk Management Committee, the senior management formulates, regularly assesses, and supervises the implementation of market risk management policies and procedures. The Risk Management Department is responsible for managing and monitoring market risk of trading book, the Assets and Liabilities Management Department is responsible for managing and monitoring market risk of banking book, and reporting respectively to senior management and the Board of Directors independently.

The Group's risk control methods include, to identify, measure and monitor market risk through sensitivity analysis, scenario analysis and stress testing to set up market risk limiting system for the Financial Market Department, which mainly consists of value at risk and sensitivity indicators, and to monitor the usage status of market risk limits. By performing deliberation procedures on the market risk of new products and complicated transactional business, the Group will ensure that market risk of new business will be identified and assessed as early as possible. The Group has executed the stress test for market risk under prudent condition. The Group quantitatively manages and monitors the market risk of trading book of the Group through the market risk and capital management system, and measures and monitors the interest rate risk of the banking book through the interest rate risk management system of the banking book.

The commodity price risk borne by the Group mainly comes from gold and other precious metals. The risk of loss arises from the fluctuation of commodity prices. The Group believes that the market risk arising from stock prices in transactions and portfolios and commodity prices (excluding gold) is not significant.

(1) Foreign exchange risk

The Group's major transactions are denominated in RMB, part of transactions denominated in USD and HKD, and few transactions denominated in other foreign currencies. The Group's foreign currency risk comprises exposures that arise from foreign currency portfolio originated from daily treasury business and loans and advances to customers, balances from financial institutions, investments and customer deposits.

The foreign currency risk of the trading book includes the risks arising from foreign currency transactions on behalf of the customers and the corresponding squared transactions, as well as proprietary foreign currency transactions. The Group manages the foreign currency risk mainly by imposing quota on the transaction (including sensitivity limits and stop-loss limits). The Group evaluates the foreign currency risk with stress test. The retail foreign currency businesses are operated on an automated trading system and the Group can monitor the exposure timely. The market risk management system of the Group is able to measure and monitor the currency position created by various transactions that fall in the scope of the Group's market risk management. Besides, the Group manages its foreign currency risk through spot foreign exchange and derivative transactions, and manages its foreign currency assets and liabilities portfolio and structured position with appropriate derivative such as foreign swap contracts.

XV Financial instruments and risk management (continued)

1 Market risk (continued)

(1) Foreign exchange risk (continued)

As at 31 December 2025 and 31 December 2024, the Group's foreign exchange risk exposures on assets and liabilities were as follows:

	The Group				
	31 December 2025				
	RMB	USD	HKD	Others	Total
Cash and due from central banks	142,957	1,822	1,076	881	146,736
Due from banks and other financial institutions	5,962	3,478	391	185	10,016
Placements with banks and other financial institutions	93,299	3,698	542	595	98,134
Financial assets held under resale agreements	45,620	-	-	-	45,620
Loans and advances to customers	2,054,273	25,827	23,726	6,138	2,109,964
Financial assets held for trading	135,835	5,464	-	-	141,299
Debt investments	532,614	1,731	-	-	534,345
Other debt investments	486,810	74,935	5,371	1,323	568,439
Investments in other equity instruments	4,205	1,131	-	-	5,336
Others	22,215	16,272	53	21,362	59,902
Total assets	3,523,790	134,358	31,159	30,484	3,719,791
Due to central banks	(80,002)	-	-	-	(80,002)
Due to banks and other financial institutions	(379,286)	(25,641)	(136)	-	(405,063)
Placements from banks and other financial institutions	(8,552)	(42,198)	(9,778)	(28,287)	(88,815)
Financial liabilities held for trading	(1,173)	-	-	(1,369)	(2,542)
Financial assets sold under repurchase agreements	(229,626)	-	-	-	(229,626)
Customer deposits	(2,106,777)	(55,916)	(21,286)	(6,061)	(2,190,040)
Bonds issued	(392,838)	(350)	-	(6)	(393,194)
Others	(18,493)	(9,168)	(158)	(1,854)	(29,673)
Total liabilities	(3,216,747)	(133,273)	(31,358)	(37,577)	(3,418,955)
Net exposure in balance sheets	307,043	1,085	(199)	(7,093)	300,836
Net nominal amount of derivative financial instruments	30,683	(21,843)	9,424	21,558	39,822
Loan commitments and financial guarantee contracts	1,312,227	17,553	9,595	3,502	1,342,877

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For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

1 Market risk (continued)

(1) Foreign exchange risk (continued)

As at 31 December 2025 and 31 December 2024, the Group's foreign exchange risk exposures on assets and liabilities were as follows (continued):

	The Group				
	31 December 2024				
	RMB	USD	HKD	Others	Total
Cash and due from central banks	151,035	1,557	536	656	153,784
Due from banks and other financial institutions	4,168	2,796	460	198	7,622
Placements with banks and other financial institutions	85,405	7,720	-	-	93,125
Financial assets held under resale agreements	204,960	-	-	-	204,960
Loans and advances to customers	2,030,305	22,784	20,116	4,148	2,077,353
Financial assets held for trading	132,142	3,961	-	-	136,103
Debt investments	462,797	2,236	-	-	465,033
Other debt investments	362,600	65,713	5,535	-	433,848
Investments in other equity instruments	4,375	1,041	1	-	5,417
Others	51,596	162	104	1,259	53,121
Total assets	3,489,383	107,970	26,752	6,261	3,630,366
Due to central banks	(22,638)	-	-	-	(22,638)
Due to banks and other financial institutions	(358,442)	(18,081)	(75)	-	(376,598)
Placements from banks and other financial institutions	(20,013)	(30,295)	(5,265)	(8,518)	(64,091)
Financial liabilities held for trading	(953)	-	-	-	(953)
Financial assets sold under repurchase agreements	(147,788)	(543)	-	-	(148,331)
Customer deposits	(2,183,979)	(53,538)	(15,148)	(4,584)	(2,257,249)
Bonds issued	(430,825)	-	-	-	(430,825)
Others	(31,212)	(197)	(121)	(144)	(31,674)
Total liabilities	(3,195,850)	(102,654)	(20,609)	(13,246)	(3,332,359)
Net exposure in balance sheets	293,533	5,316	6,143	(6,985)	298,007
Net nominal amount of derivative financial instruments	(15,625)	(2,290)	(4,602)	6,643	(15,874)
Loan commitments and financial guarantee contracts	1,343,455	10,588	8,857	4,131	1,367,031

XV Financial instruments and risk management (continued)

1 Market risk (continued)

(1) Foreign exchange risk (continued)

The following table presents the potential impacts of net exposure of foreign currency assets and liabilities and net position of currency derivatives on profit before tax if the spot exchange rate and forward exchange rate of Renminbi to foreign currencies simultaneously appreciate or depreciate by 5%.

	The Group	
	31 December 2025	31 December 2024
	Profit before tax	Profit before tax
Appreciate by 5%	(102)	(292)
Depreciate by 5%	102	292

The impacts on profit before tax and other comprehensive income are determined based on the assumption that the Group's exchange rate sensitive position and net position of currency derivatives as at the balance sheet date remain unchanged. Based on management's judgement of foreign exchange rate changes, the Group mitigates foreign currency risk by actively adjusting foreign currency exposure and using appropriate derivatives. The analysis does not take into consideration of the relevance among changes of different currency exchange rates, and the measures management may take to mitigate foreign currency risk. Therefore, the estimation of sensitivity analysis above may be different from actual results of foreign exchange rate changes.

(2) Interest rate risk

Interest rate risk refers to the risk of losses in the overall return and market value of financial instruments and positions due to adverse changes in interest rate levels, term structures, and other factors. In accordance with external regulatory requirements and internal banking book interest rate risk management policies, the Group has established and continuously improved the banking book interest rate risk management system, defined the interest rate risk governance structure, and established management processes for identifying, measuring, monitoring, controlling, and reporting interest rate risks.

The Group primarily manages interest rate risk through on-balance-sheet adjustments such as the scale of assets and liabilities business, term structure, and interest rate structure adjustments. Key methods used to measure and monitor banking book interest rate risk include gap analysis, duration analysis, sensitivity analysis, scenario simulation, and stress testing.

Currently, the main manifestations of interest rate risk include gap risk and the basis risk arising from inconsistent changes in lending and deposit rates, while the optionality risk associated with prepayments by customers is gradually increasing. The main measures for managing interest rate risk in the Group include:

- (i) Strengthening the analysis of interest rate trends, closely monitoring market conditions and policy dynamics, taking into account the internal interest rate risk exposure, proactively planning interest rate risk management strategies, and making flexible adjustments;
- (ii) Based on risk preferences, setting rate risk limits at various levels to constrain investment trading behavior, and continuously monitoring and reporting;
- (iii) Optimizing the asset-liability structure and continuously reducing the cost of liabilities;
- (iv) Measuring and monitoring banking book interest rate risk through the banking book interest rate risk management system, establishing customer behavior option models as per regulatory requirements, with key models and parameter assumptions being independently validated in advance.

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XV Financial instruments and risk management (continued)

1 Market risk (continued)

(2) Interest rate risk (continued)

As at the balance sheet date, the Group's assets and liabilities categorised by the earlier of contractual maturity or repricing dates were as follows:

	The Group					Total
	31 December 2025					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and due from central banks	143,136	-	-	-	3,600	146,736
Due from banks and other financial institutions	10,014	-	-	-	2	10,016
Placements with banks and other financial institutions	27,452	70,551	-	-	131	98,134
Derivative financial assets	-	-	-	-	12,063	12,063
Financial assets held under resale agreements	45,615	-	-	-	5	45,620
Loans and advances to customers	740,055	1,025,903	313,827	22,464	7,715	2,109,964
Financial assets held for trading	12,240	23,435	15,505	21,174	68,945	141,299
Debt investments	29,147	69,891	185,834	242,332	7,141	534,345
Other debt investments	25,734	80,655	236,376	219,773	5,901	568,439
Investments in other equity instruments	-	-	-	-	5,336	5,336
Other financial assets	-	-	-	-	17,374	17,374
Total assets	1,033,393	1,270,435	751,542	505,743	128,213	3,689,326
Due to central banks	(5,810)	(73,645)	-	-	(547)	(80,002)
Due to banks and other financial institutions	(133,819)	(269,333)	-	-	(1,911)	(405,063)
Placements from banks and other financial institutions	(69,933)	(18,604)	-	-	(278)	(88,815)
Financial liabilities held for trading	-	-	-	-	(2,542)	(2,542)
Derivative financial liabilities	-	-	-	-	(7,843)	(7,843)
Financial assets sold under repurchase agreements	(169,530)	(59,845)	-	-	(251)	(229,626)
Customer deposits	(992,962)	(480,660)	(672,851)	-	(43,567)	(2,190,040)
Bonds issued	(23,343)	(305,056)	-	(64,499)	(296)	(393,194)
Other financial liabilities	(321)	(907)	(2,719)	(389)	(4,510)	(8,846)
Total liabilities	(1,395,718)	(1,208,050)	(675,570)	(64,888)	(61,745)	(3,405,971)
Asset-liability exposure	(362,325)	62,385	75,972	440,855	66,468	283,355

XV Financial instruments and risk management (continued)

1 Market risk (continued)

(2) Interest rate risk (continued)

As at the balance sheet date, the Group's assets and liabilities categorised by the earlier of contractual maturity or repricing dates were as follows (continued):

	The Group					Total
	31 December 2024					
	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
Cash and due from central banks	150,303	-	-	-	3,481	153,784
Due from banks and other financial institutions	7,440	180	-	-	2	7,622
Placements with banks and other financial institutions	43,268	49,659	-	-	198	93,125
Derivative financial assets	-	-	-	-	14,627	14,627
Financial assets held under resale agreements	204,916	-	-	-	44	204,960
Loans and advances to customers	722,893	1,046,331	280,051	21,354	6,724	2,077,353
Financial assets held for trading	1,917	13,349	13,797	15,837	91,203	136,103
Debt investments	21,130	90,764	213,553	133,218	6,368	465,033
Other debt investments	46,049	111,821	141,051	130,543	4,384	433,848
Investments in other equity instruments	-	-	-	-	5,417	5,417
Other financial assets	-	-	-	-	12,991	12,991
Total assets	1,197,916	1,312,104	648,452	300,952	145,439	3,604,863
Due to central banks	(14,472)	(7,800)	-	-	(366)	(22,638)
Due to banks and other financial institutions	(327,565)	(46,909)	-	-	(2,124)	(376,598)
Placements from banks and other financial institutions	(61,201)	(2,704)	-	-	(186)	(64,091)
Financial liabilities held for trading	-	-	-	-	(953)	(953)
Derivative financial liabilities	-	-	-	-	(13,623)	(13,623)
Financial assets sold under repurchase agreements	(139,976)	(8,305)	-	-	(50)	(148,331)
Customer deposits	(1,064,362)	(485,348)	(637,278)	(26,160)	(44,101)	(2,257,249)
Bonds issued	(157,712)	(212,797)	-	(59,499)	(817)	(430,825)
Other financial liabilities	(495)	(837)	(2,494)	(537)	(5,703)	(10,066)
Total liabilities	(1,765,783)	(764,700)	(639,772)	(86,196)	(67,923)	(3,324,374)
Asset-liability exposure	(567,867)	547,404	8,680	214,756	77,516	280,489

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XV Financial instruments and risk management (continued)

1 Market risk (continued)

(2) Interest rate risk (continued)

The table below illustrates the potential impact on the profit for the year and other comprehensive income over the next 12 months on the assumption of a 100 basis point parallel move of the relevant yield curve based on the structure of the Group's interest-earning assets and interest-bearing liabilities at the end of the reporting period. The analysis assumes that the interest rates of all periods move at the same levels and does not reflect the scenarios where some interest rates change while others remain constant.

The sensitivity analysis on profit for the year is based on possible changes in the expectation of interest rate. It does not take into account changes such as customer behavior, basis risk, or options for early repayment of bonds, and excludes the impact of changes in the yield curve for demand deposits.

The sensitivity analysis on other comprehensive income refers to the impact of changes in certain interest rates on the fair value changes arising from reassessment of financial assets measured at fair value through other comprehensive income as at the balance sheet date.

	The Group			
	31 December 2025		31 December 2024	
	Profit for the year	Other comprehensive income	Profit for the year	Other comprehensive income
+ 100 basis points	(2,202)	(24,042)	(2,370)	(17,335)
- 100 basis points	2,202	25,562	2,370	16,466

The related assumptions do not consider the measures the Group may take to mitigate interest rate risk due to capital utilisation and interest rate risk management policies. Therefore, the results of the analysis above may be different from actual conditions.

In addition, the impact of interest rate fluctuation is only for illustrating purpose, showing the estimated changes in profit for the year and other comprehensive income under different parallel move of the relevant yield curve and the Group's current exposure to interest rate risk other than derivative financial instruments.

XV Financial instruments and risk management (continued)

2 Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor to meet its obligation or commitment to the Group. It arises primarily from the Group's credit asset portfolios.

Concentration of credit risk: When a certain number of customers conduct the same operating activities, are situated in the same geographical location or their industries have similar economic characteristics, their ability to honour their contracts would be influenced by the same economic change. Concentration of credit risk reflects the sensitivity of the Group's results to a specific industry or geographical location. The Group formulates credit risk asset portfolio limits from the dimensions of region, industry, customer, product, and maturity based on the principle of credit risk asset portfolio management. The principal place of business of the Group is Mainland China. However, Mainland China covers a wide range of land with specific characteristics developed for the economy of each region (e.g., some regions are designated by the central government as special economic zones to attract investment). As a result, the risks among regions differ.

To identify, evaluate and monitor credit risk, the Group designs reporting structure, credit policies and processes required for effective credit risk management and implements systematic control procedures. As approved by the Board of Directors, the Group optimises its credit approval process, in which both management and control of credit risks are reinforced while function and responsibilities of credit approval section are further specified. The Vice President in charge of risk is responsible for all the operations regarding the Group's risk management, and also leads relevant departments to formulate the credit policies and standards from time to time, to analyse the development of credit business and the level of risk management, and to approve loans with amounts not exceeding the authorised limit in accordance with relevant rules, regulations and monetary policies in the PRC and the Group's business strategy.

With respect to the credit risk management of corporate and institutional business, the Group develops the industry-specific guidelines, improves policies of credit client access and exit criteria, and implements its credit structure adjustment policies and credit risk limit management, which facilitates the improvement in credit structure. The Group manages credit risk throughout the entire credit process including pre-lending evaluations, credit approval and post-lending monitoring.

With respect to the personal credit business, the Group relies on credit assessment of applicants as the basis for loan approval. Assessment on the income level, credit history, and repayment ability of the applicant is required. The Group monitors borrowers' repayment ability, the status of collateral and any changes to collateral's value. Once a loan becomes overdue, the Group starts the recovery process according to standard personal loan recovery procedures.

To mitigate risks, where appropriate, the Group requests customers to provide collateral and guarantees. It also sets guidelines as to the use and suitability of specific types of collateral. Collateral structures and legal covenants are regularly reviewed to ensure that they still serve their intended purposes and conform to market practices.

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in loans and advances to customers. These transactions are, therefore, subject to the same credit application, post-disbursement loan management and collateral requirements as for loans and advances to customers.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

The Group has individually established a range of risk management policies and adopted different methods to mitigate credit risk. A critical method for the Group's control of its credit risks is to acquire collateral, security deposits and guarantees from enterprises or individuals. The Group has specified acceptable types of collaterals, mainly including the following:

- Real estate and land use rights
- Financial instruments such as time deposits, bonds and equities
- Accounts receivables and right to receive payments
- Inventory

In order to minimise its credit risk, once an indication of impairment has been identified with an individual loan, the Group will request for early loan repayment or seek additional collateral from counterparties, require additional guarantors.

Grouping of similar credit risk

The Group has classified exposures with similar risk characteristics when the provision for ECL is made on a grouping basis. The main grouping reference indicators currently include industry, business type, etc.

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement

Measurement of ECL

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increase in credit risk since initial recognition are included in Stage 1 to calculate their provision for impairment at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their provision for impairment measured at an amount equivalent to the ECL over the lifetime of the financial instruments; and
- Stage 3: Financial assets with objective evidence of impairment at the balance sheet date are included in Stage 3, with their provision for impairment measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

For the previous accounting period, the provision for impairment has been measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the balance sheet date of the current period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group will measure the provision for impairment of the financial instruments at the balance sheet date of the current period on the 12-month ECL basis.

For purchased or originated credit-impaired financial assets, the Group only recognises the lifetime cumulative change in ECL since initial recognition on the financial reporting date as provision for impairment. On each financial reporting date, the Group recognises the amount of the changes in lifetime ECL as impairment losses or gains in profit or loss for the current period.

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XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

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

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

It is not necessary to identify every possible situation when measuring the ECL. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the likelihood of a credit loss occurring and the likelihood that a credit loss will not occur, even if the likelihood of such a loss is extremely low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and assumptions in its expected measurement of credit losses. These models and assumptions involve future macro-economic conditions and the credit record of the borrower (such as, possibility of default by customers and losses therefrom). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of default and credit-impaired assets
- Parameters for measuring ECL
- Forward-looking information
- Modification of contract cash flows

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

When considering forward-looking information, the Group takes different economic scenarios into consideration. The Group regularly monitors and re views assumptions and parameters related to the calculation of ECL, including the risk of economic downturn, external market environment, changes in customer conditions, Gross Domestic Product (“GDP”) and Consumer Price Index (“CPI”), etc.

Internal credit risk rating

The Group conducts internal rating on the risk characteristics of assets based on the quality status of assets, and classifies the credit ratings of financial assets included in the measurement of expected credit losses into sixteen levels. Internal credit risk rating is based on quantitative and qualitative factors.

Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. While determining whether the credit risk has significantly increased since initial recognition or not, the Group takes into account the reasonable and substantiated information that is accessible without exerting unnecessary cost or effort, including qualitative and quantitative analysis based on the historical data of the Group and external credit risk rating. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group assesses whether there has been a significant increase in the credit risk of financial instruments since their initial recognition by setting quantitative and qualitative standards. The criteria for this assessment is mainly based on whether it is overdue due to deterioration of credit risk, or whether one or more of the following conditions are met: the debtor is classified into Special Mention category in five-tier loan classification, the debtor has a restructuring of performing loans, or the debtor’s probability of default has increased significantly since the initial recognition date and it is currently up against a lower internal rating, etc.

The Group adheres to the estimate of substantial risk, taking into account the changes in the operating ability and debt paying ability of the borrower to assess whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition.

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XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Definition of default and credit-impaired assets

When a credit impairment occurs on the financial assets, the Group define the financial assets having defaulted. The standard adopted by the Group to determine whether a credit impairment occurs under New Financial Instrument Standards is consistent with the internal credit risk management objectives of the relevant financial instruments, taking into account quantitative and qualitative criteria. When the Group assesses whether there is credit impairment of debtor, the following factors are mainly considered:

- Be classified into Substandard, Doubtful or Loss category within five-tier loan classification;
- The debtor leaves any of the principal, advances, interest or investments in corporate bonds of the Group overdue for more than 90 days;
- Internal credit rating is defaulted.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

Parameters of ECL measurement

According to whether there is a significant increase in credit risk and whether there is an impairment of assets, the Group measures the impairment loss for different assets with 12-month ECL or lifetime ECL. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). Based on the current New Basel Capital Accord used in risk management and the requirements of New Financial Instrument Standards, the Group takes into account the quantitative analysis of historical statistics (such as ratings of counterparties, manners of guarantees and types of collaterals, repayments, etc.) and forward-looking information in order to establish the model of PD, LGD and EAD.

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Parameters of ECL measurement (continued)

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the Internal Rating-Based Approach under the New Basel Capital Accord, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment;
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the difference of credit products, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure after the time of default, based on historical statistics, the loss rate may be different in various economic environments;
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Forward-looking information

The assessment of a significant increase in credit risk and the calculation of ECL both involve forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, M2.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group combined statistic model and experts' judgement in this process, according to the result of model and experts' judgement, the Group predicts these economic indicators on a quarterly basis and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

In addition to providing a baseline economic scenario, the Group combines statistic model with experts' judgement to determine the weight of other possible scenarios. For the fiscal year 2025, the weights for the benchmark, optimistic, and pessimistic scenarios are 60%, 20%, and 20%, respectively. The Group measures the relevant impairment provisions using either the weighted 12-month expected credit losses (Stage 1) or the weighted lifetime expected credit losses (Stages 2 and 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Forward-looking information (continued)

During the reporting period, the Group updated forward-looking information such as key economic indicators based on changes in the current macroeconomic environment.

With the quarter-on-quarter changes of GDP and M2 as examples, the estimations are calculated under the benchmark, optimistic and pessimistic scenarios through the statistical model based on actual historical data. The details are presented below:

Indicator	Average estimation under the benchmark, optimistic and pessimistic scenarios in year 2026		
	Optimistic	Benchmark	Pessimistic
Quarter-on-quarter changes of GDP	6.16%	4.93%	3.50%
Quarter-on-quarter changes of M2	9.32%	7.43%	5.26%

Sensitive information

Changes in parameters for measuring ECL and in forward-looking information can have an impact on the judgement of significant increase in credit risk and the measurement of ECL.

As at 31 December 2025, the Group's provision for credit impairment would be decreased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the optimistic scenario and a 5% decrease in the weight of the basic scenario. The Group's provision for credit impairment would be increased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the pessimistic scenario and a 5% decrease in the weight of the basic scenario.

As at 31 December 2024, the Group's provision for credit impairment would be decreased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the optimistic scenario and a 5% decrease in the weight of the basic scenario. The Group's provision for credit impairment would be increased by no more than 1% of the current provision for credit impairment in case of a 5% increase in the weight of the pessimistic scenario and a 5% decrease in the weight of the basic scenario.

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Modification of contractual cash flows

If the Group amends or rearranges the contract with its counterparty, which does not result in the derecognition of the financial assets, but changes the contractual cash flows, the Group shall assess the default risk of the modified asset at the reporting date by comparing it with the risk of default at initial recognition under the original terms when the modification of the contract does not result in a material change or derecognition of the original asset. The gross carrying amount of the financial asset shall be recalculated and related gains or losses shall be recognised in profit or loss for the current period. The gross carrying amount of the financial asset is determined based on the present value of the renegotiated or modified contractual cash flows discounted at the financial asset's original effective interest rate.

The Group monitors the subsequent performance of modified assets. If the Group concludes that the credit risk has significantly improved after modification, the assets are moved from Stage 3 or Stage 2 to Stage 1 when certain conditions are met, and the provision for impairment is calculated on the 12-month ECL basis instead of the lifetime ECL basis. As at 31 December 2025, the carrying amount of financial assets modified by such contractual cash flows is not significant.

(1) Maximum credit risk exposure

Maximum exposure to credit risk before considering collateral held or other credit enhancements

Without taking into account any collateral held or any other credit enhancement, the maximum credit risk exposure at the end of each period represents the worst scenario. The Group's credit risk exposure arises mainly from its credit business as well as its treasury business. In addition, the Group is also exposed to credit risk for off-balance sheet items such as loan commitments, unused credit card limits, bank acceptance notes, issuance of guarantees and warranties and letters of credit.

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XV Financial instruments and risk management (continued)

2 Credit risk (continued)

(1) Maximum credit risk exposure (continued)

Maximum exposure to credit risk before considering collateral held or other credit enhancements (continued)

	The Group				
	31 December 2025				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
Due from central banks	143,643	-	-	-	143,643
Due from banks and other financial institutions	10,014	2	-	-	10,016
Placements with banks and other financial institutions	98,134	-	-	-	98,134
Derivative financial assets	-	-	-	12,063	12,063
Financial assets held under resale agreements	45,620	-	-	-	45,620
Loans and advances to customers	2,017,981	81,435	10,548	-	2,109,964
Financial assets held for trading	-	-	-	72,646	72,646
Debt investments	529,847	2,667	1,831	-	534,345
Other debt investments	568,439	-	-	-	568,439
Other financial assets	12,827	117	236	-	13,180
Off-balance sheet items					
Loan commitments and financial guarantee contracts	1,335,453	7,382	42	-	1,342,877
Total	4,761,958	91,603	12,657	84,709	4,950,927

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

(1) Maximum credit risk exposure (continued)

	The Group				
	31 December 2024				
	Stage 1	Stage 2	Stage 3	Not applicable	Total
Credit risk exposures relating to on-balance sheet assets are as follows:					
Due from central banks	150,620	-	-	-	150,620
Due from banks and other financial institutions	7,619	3	-	-	7,622
Placements with banks and other financial institutions	84,773	8,352	-	-	93,125
Derivative financial assets	-	-	-	14,627	14,627
Financial assets held under resale agreements	204,960	-	-	-	204,960
Loans and advances to customers	1,987,148	75,977	14,228	-	2,077,353
Financial assets held for trading	-	-	-	45,132	45,132
Debt investments	460,271	3,201	1,561	-	465,033
Other debt investments	433,840	-	8	-	433,848
Other financial assets	11,301	227	275	1,188	12,991
Off-balance sheet items					
Loan commitments and financial guarantee contracts	1,359,170	7,551	310	-	1,367,031
Total	4,699,702	95,311	16,382	60,947	4,872,342

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

(2) Credit quality analysis of financial assets

	The Group				
	31 December 2025				
	Loans and advances to customers measured at amortised cost	Due from/Placements with financial institutions	Financial assets held under resale agreements	Investment (i)	Others (ii)
Credit impaired					
- Gross amount	31,077	379	403	3,646	525
- Provision for impairment	(20,529)	(379)	(403)	(1,815)	(289)
Sub-total	10,548	-	-	1,831	236
Overdue within 3 months but not credit impaired					
- Gross amount	10,633	-	-	-	138
- Provision for impairment	(2,012)	-	-	-	(21)
Sub-total	8,621	-	-	-	117
Neither overdue nor credit impaired					
- Gross amount	2,119,916	108,525	45,620	1,102,164	12,908
- Provision for impairment	(29,121)	(375)	-	(1,211)	(81)
Sub-total	2,090,795	108,150	45,620	1,100,953	12,827
Total	2,109,964	108,150	45,620	1,102,784	13,180

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

(2) Credit quality analysis of financial assets (continued)

	The Group				
	31 December 2024				
	Loans and advances to customers measured at amortised cost	Due from/ Placements with financial institutions	Financial assets held under resale agreements	Investment (i)	Others (ii)
Credit impaired					
- Gross amount	40,172	379	403	3,766	331
- Provision for impairment	(25,944)	(379)	(403)	(2,197)	(56)
Sub-total	14,228	-	-	1,569	275
Overdue within 3 months but not credit impaired					
- Gross amount	9,985	-	-	-	342
- Provision for impairment	(1,786)	-	-	-	(11)
Sub-total	8,199	-	-	-	331
Neither overdue nor credit impaired					
- Gross amount	2,080,714	101,116	204,960	898,593	11,527
- Provision for impairment	(25,788)	(369)	-	(1,281)	(330)
Sub-total	2,054,926	100,747	204,960	897,312	11,197
Total	2,077,353	100,747	204,960	898,881	11,803

(i) Investments comprise debt investments, other debt investments.

(ii) Other financial assets comprise interest receivable, suspense account for clearing and other receivables.

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

(3) Credit rating of debt investments as at the balance sheet date by rating agencies:

Credit rating	The Group			
	Financial assets held for trading	Debt investments	Other debt investments	Total
31 December 2025				
AAA	55,902	348,385	381,497	785,784
AA+ to AA-	1,932	-	9,313	11,245
A+ to A-	988	-	8,711	9,699
BBB or below	1,013	-	850	1,863
Unrated				
- Debt securities issued by policy banks	2,279	109,537	100,506	212,322
- Government bonds	1,643	56,400	67,562	125,605
- Fund trusts, asset management plans and others	8,889	16,287	-	25,176
- Debt financing plan	-	3,736	-	3,736

XV Financial instruments and risk management (continued)

2 Credit risk (continued)

(3) Credit rating of debt investments as at the balance sheet date by rating agencies: (continued)

Credit rating	The Group			Total
	Financial assets held for trading	Debt investments	Other debt investments	
31 December 2024				
AAA	23,198	170,042	199,064	392,304
AA+ to AA-	543	187	1,436	2,166
A+ to A-	301	–	16,620	16,921
BBB or below	–	–	4,729	4,729
Unrated				
– Debt securities issued by policy banks	5,946	123,850	96,451	226,247
– Government bonds	1,472	144,274	66,289	212,035
– Fund trusts, asset management plans and others	8,704	8,438	–	17,142
– Debt financing plan	–	18,242	–	18,242
– Debt securities issued by banks and other financial institutions	4,750	–	48,936	53,686
– Corporate bonds	218	–	323	541

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

3 Liquidity risk

Liquidity risk refers to the risk that the Group cannot obtain sufficient funds at a reasonable cost for timely repayment of debts, performance of other payment obligations and satisfaction of other financial needs for normal business.

In accordance with the principle of separation of policy formulation, implementation and supervision functions, the Group has established a governance structure for liquidity risk management. It defines the functions, responsibilities and reporting lines of the Board of Directors and its special committees, the senior management, the Assets and Liabilities Management Committee and relevant departments to improve the effectiveness of liquidity risk management.

The Group strictly enforces regulatory requirements and the Group's internal policies, adheres to a sound and prudent liquidity risk management strategy in accordance with the liquidity risk appetite requirements set by the Board of Directors, strengthens day-to-day liquidity management, increases the allocation of high-quality liquid assets, maintains moderate and reasonable provision and ensures a safe and smooth payment clearing process. The Group continuously optimises the asset and liability structure and prudently manages risk exposures. Through internal transfer price instruments, the Group proactively adjusts the total amount, structure and cash flow gap limits of assets and liabilities, dynamically balances cash flow gaps, achieves balanced maturity profile allocation, and improves the stability of liabilities. The Group applies a variety of liquidity risk management tools and techniques to measure, evaluate, monitor and control the Group's liquidity risk indicators, conducts quarterly the liquidity risk stress tests to analyse the liquidity risk tolerance and risk mitigation capacity under various scenarios. In addition, the Group conducts liquidity emergency drills regularly to verify the effectiveness and timeliness of emergency measures, to ensure a safe and smooth liquidity situation for the Group under various contingencies.

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(1) Undiscounted contractual cash flows categorised by contractual maturities

	The Group							Total
	31 December 2025							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	31,508	-	-	-	-	-	115,228	146,736
Due from banks and other financial institutions	9,935	-	82	-	-	-	-	10,017
Placements with banks and other financial institutions	-	9,933	17,777	71,684	-	-	-	99,394
Financial assets held under resale agreements	-	45,631	-	-	-	-	-	45,631
Loans and advances to customers (i)	195,592	59,436	139,057	617,177	755,399	529,778	10,305	2,306,744
Financial assets held for trading	72,234	90	7,760	23,779	16,655	23,873	-	144,391
Debt investments	1,831	1,341	27,957	72,522	201,331	265,208	-	570,190
Other debt investments	-	6,536	20,068	82,619	250,949	246,807	-	606,979
Investments in other equity instruments	-	-	-	-	-	-	5,336	5,336
Other financial assets	5,263	11,273	210	161	163	34	270	17,374
Total non-derivative assets	316,363	134,240	212,911	867,942	1,224,497	1,065,700	131,139	3,952,792

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Group							Total
	31 December 2025							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(24)	(5,901)	(74,894)	-	-	-	(80,819)
Due to banks and other financial institutions	(64,995)	(35,154)	(34,499)	(272,965)	-	-	-	(407,613)
Placements from banks and other financial institutions	-	(45,696)	(24,646)	(18,687)	-	-	-	(89,029)
Financial assets sold under repurchase agreements	-	(155,198)	(14,513)	(60,308)	-	-	-	(230,019)
Financial liabilities held for trading	(1,141)	-	(2)	(18)	(559)	(990)	-	(2,710)
Customer deposits	(631,030)	(141,027)	(242,266)	(507,975)	(711,632)	(913)	-	(2,234,843)
Bonds issued	-	(3,522)	(19,873)	(309,151)	(6,075)	(72,211)	-	(410,832)
Other financial liabilities	(876)	(3,051)	(227)	(1,202)	(3,020)	(598)	(134)	(9,108)
Total non-derivative liabilities	(698,042)	(383,672)	(341,927)	(1,245,200)	(721,286)	(74,712)	(134)	(3,464,973)
Net position	(381,679)	(249,432)	(129,016)	(377,258)	503,211	990,988	131,005	487,819
Derivative financial instruments settled on a total basis								
Cash inflows	4,397	71,623	49,510	83,813	1,258	-	-	210,601
Cash outflows	(2,911)	(64,963)	(66,632)	(113,448)	(1,211)	-	-	(249,165)
Derivative financial instruments settled on a net basis	-	15	(30)	(21)	6	-	-	(30)

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Group							Total
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	29,983	-	-	-	-	-	123,801	153,784
Due from banks and other financial institutions	7,390	51	-	183	-	-	-	7,624
Placements with banks and other financial institutions	-	26,527	17,057	50,809	-	-	-	94,393
Financial assets held under resale agreements	-	204,977	-	-	-	-	-	204,977
Loans and advances to customers (i)	218,318	91,420	167,109	713,530	535,347	551,095	17,085	2,293,904
Financial assets held for trading	90,493	1,040	329	13,984	15,833	18,289	-	139,968
Debt investments	1,561	7,140	15,619	101,774	246,258	156,265	-	528,617
Other debt investments	8	13,349	32,931	119,461	168,304	149,515	-	483,568
Investments in other equity instruments	-	-	-	-	-	-	5,417	5,417
Other financial assets	1,942	9,372	160	254	214	773	277	12,992
Total non-derivative assets	349,695	353,876	233,205	999,995	965,956	875,937	146,580	3,925,244

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(1) Undiscounted contractual cash flows categorised by contractual maturities (continued)

	The Group							Total
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(6,153)	(8,683)	(7,963)	-	-	-	(22,799)
Due to banks and other financial institutions	(59,517)	(137,210)	(133,237)	(47,709)	-	-	-	(377,673)
Placements from banks and other financial institutions	-	(50,715)	(10,786)	(2,727)	-	-	-	(64,228)
Financial assets sold under repurchase agreements	-	(110,008)	(30,157)	(8,400)	-	-	-	(148,565)
Financial liabilities held for trading	(198)	-	-	-	(755)	-	-	(953)
Customer deposits	(716,427)	(146,410)	(234,364)	(557,034)	(682,619)	(29,616)	-	(2,366,470)
Bonds issued	-	(44,016)	(115,374)	(219,389)	(8,038)	(65,279)	-	(452,096)
Other financial liabilities	(251)	(3,902)	(281)	(1,010)	(2,748)	(1,322)	(925)	(10,439)
Total non-derivative liabilities	(776,393)	(498,414)	(532,882)	(844,232)	(694,160)	(96,217)	(925)	(3,443,223)
Net position	(426,698)	(144,538)	(299,677)	155,763	271,796	779,720	145,655	482,021
Derivative financial instruments settled on a total basis								
Cash inflows	4,012	97,045	29,430	72,287	1,314	-	-	204,088
Cash outflows	(4,014)	(85,958)	(27,819)	(67,992)	(1,274)	-	-	(187,057)
Derivative financial instruments settled on a net basis	-	8	(27)	(32)	(39)	-	-	(90)

- (i) For loans and advances to customers, the “indefinite” period represents the balance being impaired or not impaired and overdue for more than one month. The balance not impaired and overdue within one month is included in “overdue”. They are disclosed with net amount measured at cost less impairment.

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(2) Maturity analysis

The table below summarises the maturity analysis of the carrying amount of assets and liabilities based on the remaining maturity from the balance sheet date to the contract maturities:

	The Group							Total
	31 December 2025							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	31,508	-	-	-	-	-	115,228	146,736
Due from banks and other financial institutions	9,935	-	81	-	-	-	-	10,016
Placements with banks and other financial institutions	-	9,896	17,625	70,613	-	-	-	98,134
Financial assets held under resale agreements	-	45,620	-	-	-	-	-	45,620
Loans and advances to customers (i)	195,592	59,373	138,424	606,588	697,169	402,513	10,305	2,109,964
Derivative financial assets	4	985	3,931	3,200	3,940	3	-	12,063
Financial assets held for trading	72,234	90	7,698	23,451	15,662	22,164	-	141,299
Debt investments	1,831	1,306	27,288	70,755	188,517	244,648	-	534,345
Other debt investments	-	6,405	19,624	81,088	239,267	222,055	-	568,439
Investments in other equity instruments	-	-	-	-	-	-	5,336	5,336
Other financial assets	5,263	11,273	210	161	163	34	270	17,374
Total assets	316,367	134,948	214,881	855,856	1,144,718	891,417	131,139	3,689,326

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XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(2) Maturity analysis (continued)

The table below summarises the maturity analysis of the carrying amount of assets and liabilities based on the remaining maturity from the balance sheet date to the contract maturities (continued):

	The Group							Total
	31 December 2025							
	Overdue/ On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(24)	(5,879)	(74,099)	-	-	-	(80,002)
Due to banks and other financial institutions	(64,995)	(35,129)	(34,341)	(270,598)	-	-	-	(405,063)
Placements from banks and other financial institutions	-	(45,637)	(24,547)	(18,631)	-	-	-	(88,815)
Financial assets sold under repurchase agreements	-	(155,165)	(14,474)	(59,987)	-	-	-	(229,626)
Financial liabilities held for trading	(1,141)	-	-	-	(488)	(913)	-	(2,542)
Derivative financial liabilities	(4)	(804)	(1,410)	(1,696)	(3,927)	(2)	-	(7,843)
Customer deposits	(631,030)	(138,730)	(238,254)	(495,009)	(686,181)	(836)	-	(2,190,040)
Bonds issued	-	(3,519)	(19,824)	(305,056)	-	(64,795)	-	(393,194)
Other financial liabilities	(876)	(3,047)	(217)	(1,159)	(2,850)	(563)	(134)	(8,846)
Total liabilities	(698,046)	(382,055)	(338,946)	(1,226,235)	(693,446)	(67,109)	(134)	(3,405,971)
Net liquidity	(381,679)	(247,107)	(124,065)	(370,379)	451,272	824,308	131,005	283,355

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(2) Maturity analysis (continued)

The table below summarises the maturity analysis of the carrying amount of assets and liabilities based on the remaining maturity from the balance sheet date to the contract maturities (continued):

	The Group							Total
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Cash and due from central banks	29,983	-	-	-	-	-	123,801	153,784
Due from banks and other financial institutions	7,390	51	-	181	-	-	-	7,622
Placements with banks and other financial institutions	-	26,512	16,841	49,772	-	-	-	93,125
Financial assets held under resale agreements	-	204,960	-	-	-	-	-	204,960
Loans and advances to customers (i)	218,318	91,340	166,514	701,387	485,381	397,328	17,085	2,077,353
Derivative financial assets	2	2,166	1,152	2,989	8,316	2	-	14,627
Financial assets held for trading	90,493	990	261	13,367	13,928	17,064	-	136,103
Debt investments	1,561	6,046	13,931	91,854	216,881	134,760	-	465,033
Other debt investments	8	12,401	31,639	112,284	145,470	132,046	-	433,848
Investments in other equity instruments	-	-	-	-	-	-	5,417	5,417
Other financial assets	1,942	9,372	160	254	213	773	277	12,991
Total assets	349,697	353,838	230,498	972,088	870,189	681,973	146,580	3,604,863

Notes to the Financial Statements

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XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(2) Maturity analysis (continued)

The table below summarises the maturity analysis of the carrying amount of assets and liabilities based on the remaining maturity from the balance sheet date to the contract maturities (continued):

	The Group							Total
	31 December 2024							
	Overdue/On demand	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Undated	
Due to central banks	-	(6,147)	(8,647)	(7,844)	-	-	-	(22,638)
Due to banks and other financial institutions	(59,517)	(137,145)	(132,691)	(47,245)	-	-	-	(376,598)
Placements from banks and other financial institutions	-	(50,665)	(10,716)	(2,710)	-	-	-	(64,091)
Financial assets sold under repurchase agreements	-	(109,981)	(30,034)	(8,316)	-	-	-	(148,331)
Financial liabilities held for trading	(198)	-	-	-	(755)	-	-	(953)
Derivative financial liabilities	(1)	(1,278)	(1,115)	(2,861)	(8,366)	(2)	-	(13,623)
Customer deposits	(716,427)	(139,388)	(220,999)	(503,028)	(650,798)	(26,609)	-	(2,257,249)
Bonds issued	-	(43,641)	(114,071)	(213,614)	-	(59,499)	-	(430,825)
Other financial liabilities	(251)	(3,884)	(271)	(960)	(2,519)	(1,256)	(925)	(10,066)
Total liabilities	(776,394)	(492,129)	(518,544)	(786,578)	(662,438)	(87,366)	(925)	(3,324,374)
Net liquidity	(426,697)	(138,291)	(288,046)	185,510	207,751	594,607	145,655	280,489

- (i) For loans and advances to customers, the “indefinite” period represents the balance being impaired or not impaired and overdue for more than one month. The balance not impaired and overdue within one month is included in “overdue”. They are disclosed with net amount measured at cost less impairment.

XV Financial instruments and risk management (continued)

3 Liquidity risk (continued)

(3) Off-balance sheet items

The off-balance sheet items of the Group are mainly unused credit card limits, loan commitments, bank acceptance notes, issuance of guarantees and warranties and issuance of letters of credit. The following table sets out the amounts of off-balance sheet items by the maturity date of the contract, with financial guarantee contracts shown in nominal amounts by the earliest maturity date of the contract:

	31 December 2025			
	Within 1 year	1 to 5 years	Over 5 years	Total
Undrawn credit facilities	786,292	–	–	786,292
Bank acceptance notes	330,031	–	–	330,031
Letters of credit issued	137,891	9	–	137,900
Guarantee and letters of guarantee issued	46,708	17,568	53	64,329
Loan commitments	5,860	11,247	7,218	24,325
Total	1,306,782	28,824	7,271	1,342,877

	31 December 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
Undrawn credit facilities	818,097	–	–	818,097
Bank acceptance notes	349,716	–	–	349,716
Letters of credit issued	95,875	9	–	95,884
Guarantee and letters of guarantee issued	41,534	15,978	3,263	60,775
Loan commitments	15,844	17,972	8,743	42,559
Total	1,321,066	33,959	12,006	1,367,031

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

4 Fair value estimates

Determination of fair value of financial instruments

The Group's financial assets and liabilities mainly include cash and due from central banks, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets and liabilities at fair value through profit or loss, derivative financial instruments, financial assets held under resale agreements, loans and advances to customers, financial assets at amortised cost, financial assets at fair value through other comprehensive income, due to central banks, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, customer deposits and bonds issued.

- (i) Financial assets including cash and due from central banks, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, and financial liabilities including borrowings from central banks, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts are the approximation of the fair value.
- (ii) Financial assets and liabilities at fair value through profit or loss, derivative financial instruments and financial assets at fair value through other comprehensive income are stated at fair value unless the fair value is unable to be measured. For the financial instruments in active open market, the Group adopts market price or market interest rate as the best estimate for their fair value. For the financial instruments without market price or market interest rate, the Group determines the fair value of related financial assets and financial liabilities by discounted cash flows or other valuation methods.
- (iii) The fair value of financial assets at amortised cost and bonds issued are usually determined with reference to the available market price or quotation from brokers or agents. If the relevant market information cannot be obtained, the Group will refer to the yield of the securities products with similar characteristics such as credit risk and maturity, to estimate the fair value based on pricing model or discounted cash flows.
- (iv) Loans and advances to customers are listed at the net amount after deducting the provision for impairment. Most loans and advances to customers are priced at floating rates similar to the LPR; Therefore, the carrying amounts of loans and advances to customers are reasonable approximation of their fair values.
- (v) Customer deposits are mostly demand deposits or time deposits within one year, priced at floating rates or short-term rates approximating PBOC interest rate. Therefore, the carrying amounts of customer deposits are reasonable approximation of their fair values.

XV Financial instruments and risk management (continued)

4 Fair value estimates (continued)

Determination of fair value of financial instruments (continued)

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Financial assets and financial liabilities measured at fair value on a recurring basis

As at 31 December 2025, financial assets and financial liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	The Group			
	Level 1	Level 2	Level 3	Total
Assets				
Precious metals	4,194	–	–	4,194
Derivative financial assets	–	12,063	–	12,063
Loans and advances to customers	–	98,209	–	98,209
Financial assets held for trading	5,063	123,995	12,241	141,299
Other debt investments	112,092	448,393	7,954	568,439
Investments in other equity instruments	1,132	–	4,204	5,336
Total assets measured at fair value on a recurring basis	122,481	682,660	24,399	829,540
Liabilities				
Derivative financial liabilities	–	(7,843)	–	(7,843)
Financial liabilities held for trading	(1,378)	(1,164)	–	(2,542)
Total liabilities measured at fair value on a recurring basis	(1,378)	(9,007)	–	(10,385)

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

4 Fair value estimates (continued)

(1) Financial assets and financial liabilities measured at fair value on a recurring basis (continued)

As at 31 December 2024, financial assets and financial liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	The Group			Total
	Level 1	Level 2	Level 3	
Assets				
Precious metals	1,187	–	–	1,187
Derivative financial assets	–	14,627	–	14,627
Loans and advances to customers	–	209,072	–	209,072
Financial assets held for trading	3,390	119,043	13,670	136,103
Other debt investments	51,081	381,196	1,571	433,848
Investments in other equity instruments	1,089	–	4,328	5,417
Total assets measured at fair value on a recurring basis	56,747	723,938	19,569	800,254
Liabilities				
Derivative financial liabilities	–	(13,623)	–	(13,623)
Financial liabilities held for trading	(269)	(684)	–	(953)
Total liabilities measured at fair value on a recurring basis	(269)	(14,307)	–	(14,576)

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation methods used mainly comprise discounted cash flow model and market comparable company approach. The inputs of the valuation technique mainly include forecast cash flows, risk-free interest rate, benchmark rate, exchange rate, credit spread, EBITDA multiplies and liquidity discount, etc.

XV Financial instruments and risk management (continued)

4 Fair value estimates (continued)

(1) Financial assets and financial liabilities measured at fair value on a recurring basis (continued)

As at 31 December 2025 and 31 December 2024, the changes in Level 3 financial assets and financial liabilities were analysed below:

	The Group		
	Financial assets held for trading	Other debt investments	Investments in other equity instruments
1 January 2025	13,670	1,571	4,328
Increase in the current period	19	7,000	–
Settled/disposed in the current period	(1,742)	(700)	(12)
Recognised in profit and loss	294	83	–
Recognised in other comprehensive income	–	–	(112)
31 December 2025	12,241	7,954	4,204
1 January 2024	14,859	18,248	3,797
Increase in the current period	17	700	75
Settled/disposed in the current period	(958)	(17,393)	(7)
Recognised in profit and loss	(248)	16	–
Recognised in other comprehensive income	–	–	463
31 December 2024	13,670	1,571	4,328

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

4 Fair value estimates (continued)

(1) Financial assets and financial liabilities measured at fair value on a recurring basis (continued)

Financial instruments valued using unobservable market data and other valuation techniques mainly include unlisted equity, and the valuation methods used are primarily discounted cash flows and market comparable company approach, which involve unobservable assumptions including company cash flows, risk-adjusted discount rate and liquidity discount.

(2) Financial assets and financial liabilities measured at fair value on a non-recurring basis

In 2025 and 2024, the Group had no financial assets or financial liabilities measured at fair value on a non-recurring basis.

(3) Financial assets and financial liabilities not measured at fair value

Financial assets and financial liabilities at amortised cost of the Group mainly comprise: due from central banks, due from banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, loans and advances to customers measured at amortised cost, debt investments, due to central banks, due to banks and other financial institutions, placements from banks and other financial institutions, financial assets sold under repurchase agreements, customer deposits and bonds issued.

For other financial assets and financial liabilities not measured at fair value, excluding those set out below, their carrying amounts approximate fair value due to the short-term maturities of these financial instruments or the fact that their interest rates are floating with market interest rates.

XV Financial instruments and risk management (continued)

4 Fair value estimates (continued)

(3) Financial assets and financial liabilities not measured at fair value (continued)

	The Group			
	31 December 2025		31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Debt investments	534,345	543,060	465,033	484,138
Financial liabilities				
Bonds issued	393,194	393,394	430,825	432,711

The fair value of debt investments that are traded in an active market is determined at the quoted market price, and categorised within Level 1 of the fair value hierarchy. The fair value of debt investment and bonds issued without active market quotation is determined by the valuation results of the China Central Depository & Clearing Co., Ltd., and categorised within Level 2 of the fair value hierarchy.

5 Capital management

The Group's objectives on capital management are:

- Maintaining reasonable capital adequacy ratio to continue to meet regulatory rules and policy requirements on capital, and keeping stable capital base to ensure the Group's business growth and the implementation of its business development and strategic plan and to achieve comprehensive, coordinated and sustainable development;
- Complying with laws and regulations regarding capital, gradually adopting the advanced capital measurement approach, improving the internal assessment procedures for capital adequacy, disclosing information on capital management, covering all types of risks, and ensuring the secure operation of the Group;
- Applying quantified results of various risks, establishing a bank value management system centring around economic capital, improving the policy, process and application management system, strengthening the capital constraint and incentive mechanism, enhancing the Group's product pricing and decision-making capabilities, and improving the capital allocation efficiency; and

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XV Financial instruments and risk management (continued)

5 Capital management (continued)

- Making reasonable use of various capital instruments, continuously enhancing capital strength, refining capital structure, improving capital quality, reducing capital cost, and generating maximum return to shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust its appropriation of profit policy, issue or redeem own shares, other tier-one capital instruments, qualifying tier-two capital instruments and convertible corporate bonds, etc.

The Group's capital adequacy ratio was monitored in accordance with the NFRA's Rules.

Effective 1 January 2024, the Group prepared the capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks* and other relevant regulations.

In accordance with the *Rules on Capital Management of Commercial Bank* that the minimum ratios of commercial banks for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively. The systemically important banks are required to meet the additional capital requirements from 1 January 2023 in accordance with the Additional Supervision Requirements for Systemically Important Banks (Trial). The Group is required to maintain 0.25% of additional capital, i.e., to maintain the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio not below 7.75%, 8.75% and 10.75%, respectively. In addition, those individual banking subsidiaries or branches incorporated outside Mainland China are also directly regulated and supervised by their local banking regulators. There are certain differences in the capital adequacy ratio requirements of different countries.

Risk-weighted assets included credit risk-weighted assets, market risk-weighted assets and operational risk-weighted assets. Credit risk-weighted assets include on-balance sheet risk-weighted assets, off-balance sheet risk-weighted assets and counterparty credit risk-weighted assets. The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit risk, market risk and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. The counterparty credit risk-weighted assets include counterparty credit risk assets arising from OTC derivatives financial instruments, securities financing transactions and transactions with central counterparties. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using standardized approach.

XV Financial instruments and risk management (continued)

5 Capital management (continued)

The capital adequacy ratios and related components of the Group are computed in accordance with the statutory financial statements of the Group prepared under ASBEs. As at 31 December 2025 and 31 December 2024, the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of the Group fully complied with relevant regulatory requirements.

The Group calculates the capital adequacy ratios in accordance with the *Rules on Capital Management of Commercial Banks* and other relevant requirements as follows:

	31 December 2025	31 December 2024
Total core tier-one capital	255,056	249,012
Adjustment of ore tier-one capital	(4,334)	(4,553)
– Other intangible assets (excluding land use rights) net of related deferred tax liability	(4,334)	(4,553)
Net core tier 1 capital	250,722	244,459
Other tier 1 capital	50,000	49,999
Net tier 1 capital	300,722	294,458
Tier 2 capital	86,427	81,127
Total net capital	387,149	375,585
Total risk-weighted assets	2,688,863	2,528,185
– Credit risk-weighted assets	2,504,946	2,350,290
– Market risk-weighted assets	45,278	31,491
– Operational risk-weighted assets	138,639	146,404
Core tier 1 capital adequacy ratio	9.32%	9.67%
Tier 1 capital adequacy ratio	11.18%	11.65%
Capital adequacy ratio	14.40%	14.86%

Notes to the Financial Statements

For The Year Ended 31 December 2025 Expressed in millions of Renminbi

XVI Subsequent events

As of the date of approval of the financial statements, there is no significant events to be disclosed after the balance sheet date.

XVII Comparative figures

The Group has reclassified some comparative figures for disclosure purpose.

XVIII Approval of the financial statements

The financial statements were approved by the Board of Directors on 28 April 2026.

Directory of Organizations

Head Office

-  Address: CGB Building, No. 713, Dongfengdong Road, Yuexiu District, Guangzhou, Guangdong
-  Telephone: 020-87311722
-  Fax: 020-87310779
-  Post code: 510080
-  Quantity of institution: 1


Chongqing Branch

-  Address: 1-2/F, Podium Building, Unit 1 & 30-43/F, CGB Building, Unit 2, No. 99 Wuyi Road, Yuzhong District, Chongqing
-  Telephone: 023-63302266
-  Fax: 023-63329888
-  Post code: 400010
-  Quantity of institution: 11






Beijing Branch

-  Address: CGB Building, 2A Dongchang'an Avenue, Dongcheng District, Beijing
-  Telephone: 010-65169365
-  Fax: 010-65266728
-  Post code: 100005
-  Quantity of institution: 54




Dalian Branch

-  Address: No. 3, Zhongshan Plaza, Zhongshan District, Dalian, Liaoning
-  Telephone: 0411-82553888
-  Fax: 0411-82553258
-  Post code: 116001
-  Quantity of institution: 20

Changchun Branch

-  Address: No. 105 and 106 Store of 1/F, 2/F, and 16-19/F, Shangdong International Tower A, No. 3000, Dongsheng Avenue, Erdao District, Changchun, Jilin
-  Telephone: 0431-81135112
-  Fax: 0431-81135000
-  Post code: 130000
-  Quantity of institution: 6

Dongguan Branch

-  Address: Stores 101-103, 109, 110 and Office No. 207, 401-801, 902, CGB Financial Building, No. 3 Shizhu Road, Nancheng Street, Dongguan, Guangdong
-  Telephone: 0769-22508851
-  Fax: 0769-22508851
-  Post code: 523000
-  Quantity of institution: 47

Changsha Branch

-  Address: CGB Building, No. 195 Binjiang Road, Yuelu District, Changsha, Hunan
-  Telephone: 0731-88335780
-  Fax: 0731-88335788
-  Post code: 410006
-  Quantity of institution: 26

Foshan Branch

-  Address: CGB Building, Jihua 5th Road, Chancheng District, Foshan, Guangdong
-  Telephone: 0757-83121027
-  Fax: -
-  Post code: 528000
-  Quantity of institution: 33

Chengdu Branch

-  Address: 1-2/F, 17/F, 19-21/F, North Tower, Sichuan Investment Building, No. 112 Tiantai Road, High-Tech Zone, Chengdu, Sichuan
-  Telephone: 028-85085714
-  Fax: 028-85355943
-  Post code: 610041
-  Quantity of institution: 16

Fuzhou Branch

-  Address: 1/F & 4/F, Shenfa Mansion, No. 132 Shuguang Road, Taijiang District, Fuzhou, Fujian
-  Telephone: 0591-28083903
-  Fax: 0591-28083903
-  Post code: 350004
-  Quantity of institution: 17

Directory of Organizations

Guangzhou Branch

- Address: 1/F & 24-28/F, Nanyazhonghe Plaza, No. 57, Linjiang Avenue, Pearl River New Town, Tianhe District, Guangzhou, Guangdong
- Telephone: 020-38988800
- Fax: 020-83503050
- Post code: 510623
- Quantity of institution: 61

Hefei Branch

- Address: 1, 42, 43, 46, 4/F (B402-B404), Block B, Dongyi Financial Plaza, No. 169 Funan Road, Luyang District, Hefei, Anhui
- Telephone: 0551-65955600
- Fax: 0551-65955600
- Post code: 230061
- Quantity of institution: 11

Guiyang Branch

- Address: "China Life Building", Block 3, Financial Business District (North Zone), Zone B, Zhongtian Convention & Exhibition City, Changling North Road, Guanshanhu District, Guiyang, Guizhou
- Telephone: 0851-88800217
- Fax: 0851-88800217
- Post code: 550081
- Quantity of institution: 2

Heyuan Branch

- Address: Rooms G05, G07, and 1201, Shengyuan Building, West of Yuewang Avenue, North of Yonghe Road, and South of Planned 26-meter Road, Yuancheng District, Heyuan City
- Telephone: 0762-3168600 (switchboard)
- Fax: -
- Post code: 517000
- Quantity of institution: 7

Harbin Branch

- Address: No. 2688, Qunli Fifth Avenue, Daoli District, Harbin, Heilongjiang
- Telephone: 0451-85872981
- Fax: -
- Post code: 150010
- Quantity of institution: 22

Hohhot Branch

- Address: Building 1, Wanming Headquarters Base, No. 28, Ruyihe Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region
- Telephone: 0471-6116318
- Fax: 0471-6116316
- Post code: 010010
- Quantity of institution: 1

Haikou Branch

- Address: 1-3/F, Yilong Plaza, No. 15 Jinlong Road, Longhua District, Haikou, Hainan
- Telephone: 0898-31290055
- Fax: -
- Post code: 570125
- Quantity of institution: 1

Huizhou Branch

- Address: No. 19, Xiapu Avenue, Huizhou, Guangdong
- Telephone: 0752-2119885
- Fax: 0752-2119888
- Post code: 516001
- Quantity of institution: 18

Hangzhou Branch

- Address: No. 516 Yan'an Road, Hangzhou, Zhejiang
- Telephone: 0571-87019888 (switchboard)
- Fax: 0571-87917852
- Post code: 310006
- Quantity of institution: 37




Jiangmen Branch

- Address: No. 49-5 Jianshe Road, Jiangmen, Guangdong
- Telephone: 0750-3288388 (switchboard)
- Fax: 0750-3288644
- Post code: 529000
- Quantity of institution: 20

Jinan Branch

-  Address: CGB Building, No. 15, Jingsi Road, Shizhong District, Jinan, Shandong
-  Telephone: 0531-66669201
-  Fax: 0531-66669900
-  Post code: 250001
-  Quantity of institution: 21

Nanjing Branch

-  Address: No. 238, Jiangdong Middle Road, Jianye District, Nanjing, Jiangsu
-  Telephone: 025-88812888 (switchboard)
-  Fax: 025-88812007
-  Post code: 210019
-  Quantity of institution: 39





Kunming Branch

-  Address: No. 488 Guangfu Road, Xishan District, Kunming, Yunnan
-  Telephone: 0871-64177111
-  Fax: 0871-64177444
-  Post code: 650228
-  Quantity of institution: 26

Nanning Branch

-  Address: LG Floor, 1/F and 24 to 26/F, Sankee Plaza, No. 146 Minzu Avenue, Qingxiu District, Nanning, Guangxi Zhuang Autonomous Region
-  Telephone: 0771-5579656
-  Fax: 0771-2562608
-  Post code: 530000
-  Quantity of institution: 8

Maoming Branch

-  Address: No. 159, No. 161, No. 163, Yingbin 3rd Road, Maoming, Guangdong
-  Telephone: 0668-3337007
-  Fax: 0668-2286313
-  Post code: 525000
-  Quantity of institution: 14






Ningbo Branch

-  Address: No. Odd 11-27, Daqing South Road, Jiangbei District, Ningbo, Zhejiang
-  Telephone: 0574-87289888
-  Fax: -
-  Post code: 315000
-  Quantity of institution: 17






Meizhou Branch

-  Address: 1-3/F, Block MB11, Meiyuanxincun, South Section, Jiangnan Binfang Avenue, Meizhou, Guangdong
-  Telephone: 0753-2308202
-  Fax: 0753-2243595
-  Post code: 514021
-  Quantity of institution: 10

Qingdao Branch

-  Address: 29-31/F of Building No. 1, and 1-2/F of the Podium of Buildings No. 1&2, Guoxin Financial Center, No. 31, Xianxialing Road, Laoshan District, Qingdao, Shandong
-  Telephone: 0532-82632566
-  Fax: -
-  Post code: 266105
-  Quantity of institution: 2

Nanchang Branch

-  Address: Room 101 (East Section) and Room 201 (West Section), 18-20/F and 22/F, Walden Commercial Center, No. 1669, Hongguzhong Avenue, Honggutan District, Nanchang
-  Telephone: 0791-88550576
-  Fax: 0791-83895508
-  Post code: 330000
-  Quantity of institution: 10

Qingyuan Branch

-  Address: 1-2/F and 21-23/F, Building 38, City Garden, No. 55 Lianjiang Road, Qingcheng District, Qingyuan, Guangdong
-  Telephone: 0763-3855008
-  Fax: -
-  Post code: 511500
-  Quantity of institution: 7

Directory of Organizations

Shanghai Branch

-  Address: No. 88 Yincheng Road, Pudong New District, Shanghai
-  Telephone: 021-63901033
-  Fax: 021-63901929
-  Post code: 200120
-  Quantity of institution: 34

Shijiazhuang Branch

-  Address: 0-101, 0-302A, 20-22/F of Unit 01 of T1 & T2 Office Building, Zhongjiao Fortune Center, No. 118 Ziqiang Road, Qiaoxi District, Shijiazhuang, Hebei
-  Telephone: 0311-89881000
-  Fax: 0311-89881280
-  Post code: 050000
-  Quantity of institution: 11

Shantou Branch

-  Address: 1-4/F, Chaoshanxinghe Building, Jinhuan Road, Shantou, Guangdong
-  Telephone: 0754-88262689
-  Fax: 0754-88262489
-  Post code: 515041
-  Quantity of institution: 26

Suzhou Branch

-  Address: Block A, Building 24, China Life Financial Center, Huachi Street of Industrial Park, Suzhou, Jiangsu
-  Telephone: 0512-80987513
-  Fax: 0512-80987571
-  Post code: 215000
-  Quantity of institution: 9

Shaoguan Branch

-  Address: Shaoguan Urban Investment and Development Group Business Center, No. 69 Binjiang Road, Wujiang District, Shaoguan, Guangdong
-  Telephone: 0751-8177989
-  Fax: 0751-8177959
-  Post code: 512025
-  Quantity of institution: 3






Taiyuan Branch

-  Address: 1-6/F, Junwei International Financial Center, No. 89, Jinyang Street, Xiaodian District, Taiyuan, Shanxi
-  Telephone: 0351-2302121
-  Fax: 0351-2302157
-  Post code: 030006
-  Quantity of institution: 8


Shenyang Branch

-  Address: No. 197, Qingnian Avenue, Shenhe District, Shenyang, Liaoning
-  Telephone: 024-81378153
-  Fax: 024-81378171
-  Post code: 110000
-  Quantity of institution: 24






Tianjin Branch

-  Address: 3-101-1, 3-201-1, 3-301, 3-401, 3-501 Haihui Mansion, northeast of the intersection of Jiefang South Road and Shaoxing Road, Hexi District, Tianjin
-  Telephone: 022-58566111
-  Fax: 022-58567625
-  Post code: 300202
-  Quantity of institution: 12

Shenzhen Branch

-  Address: 1/F, 2/F (East District), 11-12/F and 14-19/F, Building A, Dongfang Xintiandi Plaza, No. 1003, Shennan Road, Futian District, Shenzhen, Guangdong
-  Telephone: 0755-88919999
-  Fax: 0755-88919021
-  Post code: 518000
-  Quantity of institution: 42


Wuhan Branch

-  Address: CGB Building, No. 737 Jianshe Avenue, Jianghan District, Wuhan, Hubei
-  Telephone: 027-85354783
-  Fax: -
-  Post code: 430022
-  Quantity of institution: 25

Urumqi Branch

-  Address: No. 480 Renmin Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region
-  Telephone: 0991-2953323
-  Fax: 0991-2953272
-  Post code: 830000
-  Quantity of institution: 10






Zhengzhou Branch

-  Address: No. 10, CBD Commercial Outer Ring Road, Zhengdong New District, Zhengzhou, Henan
-  Telephone: 0371-68599907
-  Fax: 0371-68599908
-  Post code: 450018
-  Quantity of institution: 44

Xi'an Branch

-  Address: 1, 35, 38-41/F, Xi'an China Life Financial Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi
-  Telephone: 029-89568536
-  Fax: 029-89568528
-  Post code: 710036
-  Quantity of institution: 10

Zhongshan Branch

-  Address: 1/F, Unit 01 of 2/F, 3-17/F, GF Tower, No. 55 Huabai Road, Shiqi District, Zhongshan, Guangdong
-  Telephone: 0760-88861998 (switchboard)
-  Fax: 0760-88861968
-  Post code: 528400
-  Quantity of institution: 15

Yangjiang Branch

-  Address: Jinghu Garden Comprehensive Building, No. 38 Dongfeng 3rd Road, Yangjiang, Guangdong
-  Telephone: 0662-3367692
-  Fax: -
-  Post code: 529500
-  Quantity of institution: 6





Zhuhai Branch

-  Address: No. 68, Jida Jingshan Road, Xiangzhou District, Zhuhai, Guangdong
-  Telephone: 0756-3250778
-  Fax: 0756-3250778
-  Post code: 519015
-  Quantity of institution: 15






Zhaoqing Branch

-  Address: No. 75-1 Tianning North Road, Duanzhou District, Zhaoqing, Guangdong
-  Telephone: 0758-2313023
-  Fax: 0758-2313013
-  Post code: 526040
-  Quantity of institution: 17

Macao Branch

-  Address: 18/F, Guanghui (Group) Commercial Center, No. 181-187, Alameda Dr. Carlos D'assumpcao, New Port, Macao
-  Telephone: 00853-28750328 (switchboard)
-  Fax: 00853-28750728
-  Quantity of institution: 5

Zhanjiang Branch

-  Address: No. 22, Zhongshan 1st Road, Chikan District, Zhanjiang, Guangdong
-  Telephone: 0759-3366558
-  Fax: 0759-3313285
-  Post code: 524032
-  Quantity of institution: 13

Hong Kong Branch

-  Address: 12/F, Tower 1, Exchange Square, 8 Connaught Place, Central, Hong Kong
-  Telephone: 00852-38509800
-  Fax: 00852-25300123
-  Quantity of institution: 1

Directory of Organizations

Credit Card Center

📍 Address: Room 2701, 2801, 2901, 3101, 3201, 3301, 3401, 3501, 3601 and 3701, 5 Chunrong 3rd Road, Tianhe District, Guangzhou, Guangdong

☎ Telephone: 020-38738888

📠 Fax: 020-38738992

✉ Post code: 510623

🏢 Quantity of institution: 62

Fund Operation Center

📍 Address: 35/F, China Life Financial Center, No. 88, Yincheng Road, Pudong New Area, Shanghai

☎ Telephone: 021-23297106

📠 Fax: 021-23157203

✉ Post code: 200120

🏢 Quantity of institution: 1

CGB Wealth Management Co. Ltd.

📍 Address: 31/F, No. 166, Lujiazui East Road, China (Shanghai) Pilot Free Trade Zone


☎ Telephone: 021-68298904

📠 Fax: 021-50338709


✉ Post code: 200120

🏢 Quantity of institution: 1

 No. 713 Dongfengdong Road,
Yuexiu District, Guangzhou

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