



Bank of Communications Co., Ltd.

2025 INTERIM REPORT

Stock Code:03328



CREATE SHARED VALUE

IMPORTANT REMINDERS

- I. The Board of Directors, the Board of Supervisors and Directors, Supervisors, Senior Management of the Bank are responsible for the authenticity, accuracy and completeness of the Interim Report, free of false records, misleading statements or material omissions and assume individual and joint legal responsibilities.
- II. The 2025 Interim Report and results announcement of the Bank were reviewed and approved at the 24th Meeting of the 10th Session of the Board of Directors of the Bank on 29 August 2025. The number of directors who should attend the meeting was 16, with 16 directors attending the meeting in person.
- III. Mr. Ren Deqi, Chairman of the Bank, Mr. Zhou Wanfu, principal in charge of accounting and Mr. Chen Yu, Head of Accounting Department represent that they are responsible for the authenticity, accuracy and completeness of the financial statements in the Interim Report.
- IV. This Interim Report is unaudited.
- V. The proposal on profit distribution for the half year of 2025 was reviewed by the Board of Directors: based on a total number of ordinary shares of 88.364 billion shares of the Bank as at the end of the Reporting Period, a cash dividend of RMB1.563 (inclusive of tax) for every 10 shares would be distributed to registered shareholders of A share and H share, totalling RMB13.811 billion. There is no proposal on bonus share or proposal on conversion of capital reserve into share capital for the half year of 2025.
- VI. Prospective statements involved in the report, such as future plans and development strategies, do not constitute a substantive commitment of the Group to investors. Investors and stakeholders are required to keep sufficient risk awareness and understand the differences between plan, forecasting and commitment.
- VII. The Group's operation is mainly exposed to risks including credit risk, market risk, operational risk and compliance risk. The Group has taken and will continue to take various steps to effectively manage risks. For more details which require investors' attention, please refer to the section of "Management Discussion and Analysis – Risk Management".

Contents

	Important Reminders
2	Definitions
3	General Information
5	Financial Highlights

Management Discussion and Analysis

7	Financial Statement Analysis
23	Business Review
46	Risk Management
56	Outlook
58	Other Disclosure Matters

Corporate Governance

60	Changes in Shares and Shareholders
70	Corporate Governance
76	Environmental and Social Responsibilities
84	Significant Events
89	List of Institutions

Financial Statements and Others

94	Report on Review of Interim Financial Information
95	Unaudited Condensed Consolidated Financial Statements
102	Notes to the Unaudited Interim Condensed Consolidated Financial Statements
192	Unaudited Supplementary Financial Information

DEFINITIONS

The following terms will have the following meanings in this Report unless otherwise stated:

“Bank”, “BOCOM”	Bank of Communications Co., Ltd.
“Group”	The Bank and its subsidiaries
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“SSF”	The National Council for Social Security Fund
“PBOC”	The People’s Bank of China
“NFRA”	National Financial Regulatory Administration
“CSRC”	China Securities Regulatory Commission
“SSE”	The Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	The <i>Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i>
“Articles of Association”	The Articles of Association of Bank of Communications Co., Ltd.
“five priorities”	Sci-tech finance, green finance, inclusive finance, ageing finance and digital finance
“Win to Fortune”	A corporate and inter-bank wealth management brand of the Bank providing comprehensive one-stop wealth management solutions for corporate, government institutions and inter-bank financial customers through intelligent financial service and digital transformation.
“OTO Fortune”	A main brand of retail business of the Bank with the core value of “creating and sharing abundant wealth with noble virtue” devoted to realizing value maintenance and appreciation of wealth for customers.
“BOCOM Zhanyetong”	The Bank’s unified brand of inclusive finance, comprising the online product “Zhanye e-Loan” and the offline product.
“BOCOM Yinongtong”	The Bank’s unified brand of rural rejuvenation, comprising the online product “Yinong e-Loan” and the offline product.
“Personal Mobile Banking”	A mobile APP providing online business processing and other services to personal customers of the Bank and covering a variety of financial products and life service needs of customers.
“Corporate Mobile Banking”	A portable and convenient channel providing online account opening, account services, transfer and payment, agency payment and withholding, loan financing, group services, bill businesses, wealth management and investment, international businesses for corporate customers through APPs on mobile phones and tablet computers, with close and convenient channels.
“Corporate Online Banking”	An electronic transaction system of the Bank providing online account opening, account services, transfer and payment, agency payment and withholding, loan financing, group services, bill businesses, wealth management and investment, international businesses for corporate customers through the Internet.
“Go Pay”	A one-stop digital service platform of finance and life for all customers.
“Benefit Loan”	An online credit consumption loan product of the Bank for qualified customers.
“BOCOM On-cloud”	A digital service brand, practicing the service concept of “institution online, employee online, product online, and service online”, building a “cloud outlet, cloud teller, and cloud butler” system based on remote video services, meeting customers’ digitalized service needs through a new mode of online service as screen-to-screen service.
“RMB”	Renminbi Yuan (RMB)

GENERAL INFORMATION

I. CORPORATE INFORMATION

Chinese name: 交通銀行股份有限公司
Chinese abbreviation: 交通銀行
English name: Bank of Communications Co., Ltd.

Legal representative: Ren Deqi
Authorized representatives: Ren Deqi, He Zhaobin
Secretary of the Board of Directors and Company Secretary: He Zhaobin

Contact address:

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 E-mail: investor@bankcomm.com

Registered address: No. 188 Yin Cheng Zhong Lu,
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 PRC

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 Official website: www.bankcomm.com,
 www.bankcomm.cn

Principal place of business in Hong Kong: No. 20 Pedder Street, Central,
 Hong Kong Special Administrative
 Region of the PRC

Information Disclosure Channels and Places Where the Interim Report is Available

A share: *China Securities Journal, Shanghai Securities News, Securities Times* and website of the SSE at www.sse.com.cn
 H share: Website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk
 Places where the interim report is available: Board of Directors Office of the Bank

Information of Shares

Classes	Stock exchange	Stock name	Stock code
A Share	Shanghai Stock Exchange	Bank of Communications	601328
H Share	The Stock Exchange of Hong Kong Limited	BANKCOMM	03328
Domestic Preference Share	Shanghai Stock Exchange	BOCOM PREF1	360021

Domestic auditor: KPMG Huazhen LLP
 8/F, Office Tower E2,
 Oriental Plaza, 1 East Chang
 An Avenue, Dongcheng District,
 Beijing, PRC

Name of the undersigned accountants: SHI Haiyun, LI Li

International auditor: KPMG (Registered Public Interest Entity Auditor)
 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong Special Administrative Region of the PRC
 Name of the undersigned accountants: CHEN Shaodong

GENERAL INFORMATION

Sponsor for continuous supervision

Guotai Haitong Securities Co., Ltd.

36/F, Bohua Plaza, No. 669 Xinzha Road, Jing'an District, Shanghai,
P.R. China

Name of the undersigned sponsor: CAI Rui, ZHU Dongchen

Period of continuous supervision: From 17 June 2025 to 31 December 2026

China Securities Co., Ltd.

Room 2206, North Tower, Shanghai Stock Exchange Building, No.

528 Pudong Nan Road, Pudong New Area, Shanghai, P.R. China

Name of the undersigned sponsor: ZHOU Zihao, YANG Cheng

Period of continuous supervision: From 17 June 2025 to 31 December 2026

PRC legal advisor:

AllBright Law Offices

Hong Kong legal advisor:

Herbert Smith Freehills Kramer

Share Registrar and Transfer Office

A Share: China Securities Depository and Clearing Corporation Limited, Shanghai Branch

No. 188 South Yanggao Road, Pudong New District, Shanghai, P.R. China

H Share: Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Center,
183 Queen's Road East, Hong Kong Special
Administrative Region of the PRC

Other Information

Unified social credit code: 9131000010000595XD

II. COMPANY PROFILE AND PRINCIPAL ACTIVITIES

Founded in 1908, the Bank is one of banks with the longest history in modern China. The Bank reopened after reorganization on 1 April 1987 and became the first nationwide state-owned joint-stock commercial bank in China, with Head Office located in Shanghai. The Bank was listed on the Hong Kong Stock Exchange in June 2005 and on the Shanghai Stock Exchange in May 2007. In 2023, the Bank selected as a global systemically important bank, and ranked 9th among global banks in terms of tier-1 capital.

Guided by the strategic goal of “building a world-class banking group with distinctive advantages”, the Group regarded green finance as the keynote for operation development, continued to build four major business characteristics, which include inclusive finance, trade finance, sci-tech finance and wealth finance, and made significant efforts in the “five priorities” of sci-tech finance, green finance, inclusive finance, ageing finance and digital finance. The Group continuously improved the five professional capabilities of customer management, technology leadership, risk management, co-operation and resource allocation. With the construction of a “Shanghai-based bank” and digital transformation as strategic breakthroughs, the Group was guided towards a high-quality development.

Upon approval by the NFRA, the Bank provides comprehensive financial services including deposits and loans, supply chain finance, cash management, international settlement and trade financing, investment banking, asset custody, wealth management, bank cards, private banking, treasury businesses, etc. for 2.95 million corporate customers and 202 million retail customers through online service channels such as mobile banking and online banking, as well as over 2,800 domestic outlets and 24 overseas branches (subsidiaries) and representative offices. The Group is involved in businesses such as financial leasing, fund, wealth management, trust, insurance, overseas securities, and debt-to-equity swap through wholly-owned or controlling subsidiaries.

As a long-standing large-scale state-owned banking group with a long history, the Bank will fulfil the role as an important force to support the real economy and the ballast for maintaining financial stability, maintain strategic stability, prevent and resolve risks, strive to provide high-quality services to our customers, create more value for shareholders, build a happy home for employees, and make greater contributions to society!

During the Reporting Period, the Bank's operating mode, primary businesses and key performance drivers had no significant change.

FINANCIAL HIGHLIGHTS

I. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

As at the end of the Reporting Period, key financial data and financial indicators prepared by the Group under International Financial Reporting Standards (“IFRSs”) are as follows:

<i>(in millions of RMB unless otherwise stated)</i>			
Key financial data	January to June 2025	January to June 2024	Increase/ (decrease) (%)
Net interest income	85,247	84,234	1.20
Net fee and commission income	20,458	21,000	(2.58)
Net operating income	133,498	132,550	0.72
Credit impairment losses	32,814	33,021	(0.63)
Business cost	39,933	39,621	0.79
Profit before tax	46,910	47,678	(1.61)
Net profit (attributable to shareholders of the parent company)	46,016	45,287	1.61
Earnings per share (attributable to the ordinary shareholders of the parent company, in RMB yuan) ¹	0.59	0.56	5.36
	30 June 2025	31 December 2024	Increase/ (decrease) (%)
Total assets	15,435,405	14,900,717	3.59
Loans to customers ²	8,998,499	8,555,122	5.18
Total liabilities	14,130,635	13,745,120	2.80
Deposits from customers ²	9,171,358	8,800,335	4.22
Shareholders' equity (attributable to shareholders of the parent company)	1,293,989	1,144,306	13.08
Net assets per share (attributable to holders of ordinary shares of the parent company, in RMB yuan) ³	12.67	13.06	(2.99)
Net capital ⁴	1,619,956	1,508,812	7.37
Including: Net core tier-1 capital ⁴	1,115,440	964,568	15.64
Net other tier-1 capital ⁴	174,932	176,078	(0.65)
Net tier-2 capital ⁴	329,584	368,166	(10.48)
Risk-weighted assets ⁴	9,764,828	9,416,873	3.70
Key financial ratios (%)	January to June 2025	January to June 2024	Change (percentage point(s))
Annualized return on average assets	0.61	0.65	(0.04)
Annualized weighted average return on net assets ¹	9.16	9.29	(0.13)
Net interest margin ⁵	1.21	1.29	(0.08)
Cost-to-income ratio ⁶	29.94	29.94	—
	30 June 2025	31 December 2024	Change (percentage point(s))
Non-performing loan ratio ⁷	1.28	1.31	(0.03)
Provision coverage ratio	209.56	201.94	7.62
Capital adequacy ratio ⁴	16.59	16.02	0.57
Tier-1 capital adequacy ratio ⁴	13.21	12.11	1.10
Core tier-1 capital adequacy ratio ⁴	11.42	10.24	1.18
Leverage ratio ⁴	7.61	6.95	0.66

FINANCIAL HIGHLIGHTS

Notes:

1. Calculated pursuant to the *Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision)* issued by the CSRC. Of which, the issuance period and the reporting period for the time weights of the weighted average number of ordinary shares are calculated based on the days elapsed.
2. Loans to customers do not include interest receivable of related loans. Deposits from customers include interest payable of related deposits.
3. Refer to shareholder's equity attributable to holders of ordinary shares of the parent company after the deduction of other equity instruments against the total issued ordinary shares as at the end of the period.
4. Calculated pursuant to the *Administrative Measures for the Capital Management of Commercial Banks* and relevant regulations by the NFRA, including all of the Group's domestic and overseas branches and subsidiaries of those financial institutions (excluding insurance companies).
5. Represented the ratio of annualized net interest income to total average interest-bearing assets.
6. Calculated as operating expenses divided by net operating income after the deduction of other operating expenses under China Accounting Standards, which is consistent with the financial report prepared under China Accounting Standards.
7. Calculated according to the regulatory standards.

FINANCIAL STATEMENT ANALYSIS

I. FINANCIAL STATEMENT ANALYSIS

In the first half of 2025, the Group strictly abided by the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and thoroughly implemented the decisions and deployments on the financial work made by the CPC Central Committee. Adhering to the keynote of seeking progress while maintaining stability, the Group focused on the “five priorities” of finance and its strategic development requirements, coordinated development and security, and maintained overall stability in key operational indicators.

During the Reporting Period, the Group’s net profit (attributable to shareholders of the parent company) amounted to RMB46.016 billion, representing a year-on-year increase of 1.61%. The Group’s net operating income amounted to RMB133.498 billion, representing a year-on-year increase of 0.72%, of which, the Group’s net interest income amounted to RMB85.247 billion, representing a year-on-year increase of 1.20%.

As at the end of the Reporting Period, the balance of the Group’s loans to customers increased by RMB443.377 billion or 5.18% from the end of the previous year to RMB9 trillion; the balance of deposits from customers increased by RMB371.023 billion or 4.22% from the end of the previous year to RMB9.17 trillion.

As at the end of the Reporting Period, the non-performing loan ratio of the Group was 1.28%, representing a decrease of 0.03 percentage point from the end of the previous year. The provision coverage ratio was 209.56%, representing an increase of 7.62 percentage points from the end of the previous year.

(I) Analysis on Key Income Statement Items

1. Structure and change of income statement

During the Reporting Period, the Group’s net profit amounted to RMB46.455 billion, representing a year-on-year increase of RMB630 million or 1.37%.

FINANCIAL STATEMENT ANALYSIS

The selected items from the income statement of the Group during the periods indicated are shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2025	January to June 2024	Increase/ (decrease) (%)
Net interest income	85,247	84,234	1.20
Net non-interest income	48,251	48,316	(0.13)
Including: Net fee and commission income	20,458	21,000	(2.58)
Net operating income	133,498	132,550	0.72
Credit impairment losses	(32,814)	(33,021)	(0.63)
Impairment losses on other assets	(531)	(467)	13.70
Other operating expenses	(53,243)	(51,384)	3.62
Including: Business cost	(39,933)	(39,621)	0.79
Profit before tax	46,910	47,678	(1.61)
Income tax	(455)	(1,853)	(75.45)
Net profit	46,455	45,825	1.37
Net profit attributable to shareholders of the parent company	46,016	45,287	1.61

The net operating income structure of the Group during the periods indicated are shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2025		
Items	Amount	Proportion (%)	Increase/ (decrease) (%)
Net interest income	85,247	63.86	1.20
Net fee and commission income	20,458	15.32	(2.58)
Net gains/(losses) arising from trading activities	10,669	7.99	(11.75)
Net gains/(losses) arising from financial investments	2,275	1.70	143.58
Net gains/(losses) on investments in associates and joint ventures	242	0.18	(21.17)
Other operating income	14,607	10.95	4.44
Total net operating income	133,498	100.00	0.72

2. Net interest income

During the Reporting Period, the Group's net interest income increased by RMB1.013 billion or 1.20% on a year-on-year basis to RMB85.247 billion, accounting for 63.86% of net operating income, which was a major component of the Group's income.

FINANCIAL STATEMENT ANALYSIS

The average balances, associated interest income and expenses and annualized average rate of return or annualized average rate of cost of the Group's interest-bearing assets and interest-bearing liabilities during the periods indicated are shown below:

(in millions of RMB unless otherwise stated)

	January to June 2025			January to June 2024		
	Average balance	Interest income (expense)	Annualized average rate of return/ (cost) (%)	Average balance	Interest income (expense)	Annualized average rate of return/ (cost) (%)
Assets						
Cash and balances with central banks	728,495	5,577	1.54	754,213	5,896	1.57
Due from banks and other financial institutions	988,856	13,580	2.77	926,743	15,506	3.36
Loans to customers	8,814,835	138,325	3.16	8,132,717	150,721	3.73
Investment securities	3,670,124	56,479	3.10	3,368,197	55,915	3.34
Interest-bearing assets	14,202,310	213,961	3.04	13,181,870	228,038	3.48
Non-interest-bearing assets	1,065,644			966,291		
Total assets	15,267,954			14,148,161		
Liabilities and shareholders' equity						
Deposits from customers	8,830,143	81,155	1.85	8,340,461	91,706	2.21
Due to banks and other financial institutions	2,304,298	22,108	1.93	2,296,749	28,664	2.51
Issuance of bonds and others	2,146,215	25,451	2.39	1,641,035	23,434	2.87
Interest-bearing liabilities	13,280,656	128,714	1.95	12,278,245	143,804	2.36
Shareholders' equity and non-interest-bearing liabilities	1,987,298			1,869,916		
Total liabilities and shareholders' equity	15,267,954			14,148,161		
Net interest income		85,247			84,234	
Net interest spread¹			1.09			1.12
Net interest margin²			1.21			1.29

Notes:

1. Represented the difference between the annualized average rate of return on total average interest-bearing assets and the annualized average rate of cost of total average interest-bearing liabilities.
2. Represented the ratio of annualized net interest income to total average interest-bearing assets.

During the Reporting Period, the Group's net interest margin decreased by 8 basis points year-on-year to 1.21%. This was mainly due to the Loan Prime Rate (LPR) cuts, the adjustment to interest rates on existing housing loans, the intense industrial competition amid an environment of insufficient effective demand, leading to a decrease in customer loan yields. Coupled with the decline in benchmark market interest rates, driving a decline in the yield on securities investment, the yield on interest-bearing assets also decreased. To cope with the continuous downward pressure on asset returns, the Group actively seized the opportunity arising from the market-oriented adjustment to deposit interest rates and the abundant liquidity, continuously optimized business structures, and dynamically adjusted pricing strategies, bringing the cost ratio of interest-bearing liabilities down year-on-year.

FINANCIAL STATEMENT ANALYSIS

The table below illustrates the impact of changes in scales and interest rates on the Group's interest income and interest expenses. The changes in scales and interest rates are based on the changes in average balance and the changes on interest rates of interest-bearing assets and interest-bearing liabilities during the periods indicated.

(in millions of RMB)

Comparison between January to June 2025 and January to June 2024			
	Increase/(decrease) due to		
	Amount	Interest rate	Net increase/ (decrease)
Interest-bearing assets			
Cash and balances with central banks	(200)	(119)	(319)
Due from banks and other financial institutions	1,035	(2,961)	(1,926)
Loans to customers	12,617	(25,013)	(12,396)
Investment securities	5,001	(4,437)	564
Changes in interest income	18,453	(32,530)	(14,077)
Interest-bearing liabilities			
Deposits from customers	5,367	(15,918)	(10,551)
Due to banks and other financial institutions	94	(6,650)	(6,556)
Issuance of bonds and others	7,190	(5,173)	2,017
Changes in interest expenses	12,651	(27,741)	(15,090)
Changes in net interest income	5,802	(4,789)	1,013

During the Reporting Period, the Group's net interest income increased by RMB1.013 billion on a year-on-year basis. Within this total, changes in the average balances of assets and liabilities increased net interest income by RMB5.802 billion, while changes in the annualized average rate of return and the annualized average rate of cost reduced the net interest income by RMB4.789 billion.

(1) Interest income

During the Reporting Period, the Group's interest income decreased by RMB14.077 billion or 6.17% on a year-on-year basis to RMB213.961 billion, of which interest income from loans to customers, investment securities and cash and balances with central banks accounted for 64.65%, 26.40% and 2.61% of total interest income, respectively.

A. Interest income from loans to customers

Interest income from loans to customers was the largest component of the Group's interest income. During the Reporting Period, interest income from loans to customers decreased by RMB12.396 billion or 8.22% on a year-on-year basis to RMB138.325 billion, mainly due to the year-on-year decrease of 57 basis points in the annualized average rate of return of loans to customers.

FINANCIAL STATEMENT ANALYSIS

Analysis of the average income of loans to customers by business type and term structure

(in millions of RMB unless otherwise stated)

	January to June 2025			January to June 2024		
	Average balance	Interest income	Annualized average rate of return (%)	Average balance	Interest income	Annualized average rate of return (%)
Corporate loans	5,783,890	91,084	3.18	5,355,828	97,529	3.66
– Short-term loans	1,709,113	24,674	2.91	1,539,576	24,802	3.24
– Medium and long-term loans	4,074,777	66,410	3.29	3,816,252	72,727	3.83
Personal loans	2,760,016	45,871	3.35	2,473,774	51,527	4.19
– Short-term loans	622,880	12,872	4.17	597,618	14,177	4.77
– Medium and long-term loans	2,137,136	32,999	3.11	1,876,156	37,350	4.00
Discounted bills	270,929	1,370	1.02	303,115	1,665	1.10
Total loans to customers	8,814,835	138,325	3.16	8,132,717	150,721	3.73

B. Interest income from investment securities

During the Reporting Period, interest income from investment securities increased by RMB564 million or 1.01% on a year-on-year basis to RMB56.479 billion, mainly due to the year-on-year increase of RMB301.927 billion or 8.96% in the average balance of investment securities.

C. Interest income from cash and balances with central banks

The cash and balances with central banks mainly included balances in statutory reserves and excess reserves. During the Reporting Period, interest income from cash and balances with central banks decreased by RMB319 million or 5.41% on a year-on-year basis to RMB5.577 billion, mainly due to the year-on-year decrease of RMB25.718 billion or 3.41% in the average balance of cash and balances with central banks, and the year-on-year decrease of 3 basis points in the annualized average rate of return on cash and balances with central banks.

D. Interest income from balances due from banks and other financial institutions

During the Reporting Period, the interest income from balances due from banks and other financial institutions decreased by RMB1.926 billion or 12.42% on a year-on-year basis to RMB13.58 billion, mainly due to the year-on-year decrease of 59 basis points in the annualized average rate of return on balances due from banks and other financial institutions.

(2) Interest expenses

During the Reporting Period, the Group's interest expenses decreased by RMB15.09 billion or 10.49% on a year-on-year basis to RMB128.714 billion, of which deposits from customers, balances due to banks and other financial institutions, issuance of bonds and others accounted for 63.05%, 17.18% and 19.77% of total interest expenses, respectively.

A. Interest expenses on deposits from customers

Deposits from customers is the Group's primary funding source. During the Reporting Period, interest expenses on deposits from customers decreased by RMB10.551 billion or 11.51% on a year-on-year basis to RMB81.155 billion. The decrease in interest expenses on deposits from customers was mainly due to the year-on-year decrease of 36 basis points in the annualized average rate of cost of deposits from customers.

FINANCIAL STATEMENT ANALYSIS

Analysis of the average cost of deposits from customers by product type

(in millions of RMB unless otherwise stated)

	January to June 2025			January to June 2024		
	Average balance	Interest expense	Annualized average rate of cost (%)	Average balance	Interest expense	Annualized average rate of cost (%)
Corporate deposits	4,967,795	44,145	1.79	4,894,666	52,985	2.18
– Demand deposits	1,807,294	6,264	0.70	1,939,325	10,251	1.06
– Time deposits	3,160,501	37,881	2.42	2,955,341	42,734	2.91
Personal deposits	3,862,348	37,010	1.93	3,445,795	38,721	2.26
– Demand deposits	916,110	394	0.09	855,651	1,002	0.24
– Time deposits	2,946,238	36,616	2.51	2,590,144	37,719	2.93
Total deposits from customers	8,830,143	81,155	1.85	8,340,461	91,706	2.21

B. Interest expenses on balances due to banks and other financial institutions

During the Reporting Period, interest expenses on balances due to banks and other financial institutions decreased by RMB6.556 billion or 22.87% on a year-on-year basis to RMB22.108 billion, which was mainly due to a year-on-year decrease of 58 basis points in the annualized average rate of cost of balances due to banks and other financial institutions.

C. Interest expense on issuance of bonds and others

During the Reporting Period, interest expense on issuance of bonds and others increased by RMB2.017 billion or 8.61% on a year-on-year basis to RMB25.451 billion, which was mainly due to a year-on-year increase of RMB505.18 billion or 30.78% in the average balance of issuance of bonds and others.

3. Net fee and commission income

The net fee and commission income is an important part of the Group's net operating income. During the Reporting Period, the Group's net fee and commission income decreased by RMB542 million or 2.58% on a year-on-year basis to RMB20.458 billion. The income from investment banking, custody and other fiduciary businesses, settlement services and bank cards experienced a decrease.

FINANCIAL STATEMENT ANALYSIS

The breakdown of the Group's net fee and commission income for the periods indicated is shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2025	January to June 2024	Increase/ (decrease) (%)
Bank cards	7,888	8,027	(1.73)
Wealth management business	4,121	4,121	–
Custody and other fiduciary businesses	4,503	4,681	(3.80)
Agency services	2,303	2,128	8.22
Investment banking	1,107	1,299	(14.78)
Guarantee and commitment	1,723	1,705	1.06
Settlement services	744	896	(16.96)
Others	40	76	(47.37)
Total fee and commission income	22,429	22,933	(2.20)
Less: fee and commission expense	(1,971)	(1,933)	1.97
Net fee and commission income	20,458	21,000	(2.58)

Among these, income from investment banking business decreased by RMB192 million or 14.78% year-on-year, mainly due to the decline in financial advisory fee income and bond underwriting income; income from custody and other fiduciary businesses decreased by RMB178 million or 3.80% year-on-year, mainly due to the decline in syndicated loan service fees; income from settlement services decreased by RMB152 million or 16.96% year-on-year, mainly due to the decline in corporate settlement income; income from bank cards business decreased by RMB139 million or 1.73% year-on-year, mainly due to the year-on-year decrease in credit cards commission income resulted from the decline in consumption.

4. Other non-interest income

The breakdown of the Group's other non-interest income for the periods indicated is shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2025	January to June 2024	Increase/ (decrease) (%)
Net gains/(losses) arising from trading activities	10,669	12,089	(11.75)
Net gains/(losses) arising from financial investments	2,275	934	143.58
Net gains/(losses) on investments in associates and joint ventures	242	307	(21.17)
Other operating income	14,607	13,986	4.44
Total other non-interest income	27,793	27,316	1.75

FINANCIAL STATEMENT ANALYSIS

During the Reporting Period, the Group's other non-interest income amounted to RMB27.793 billion, of which net gains arising from trading activities amounted to RMB10.669 billion, representing a year-on-year decrease of RMB1.42 billion or 11.75%, mainly due to the decline in the valuation of bonds and interest rate derivatives as well as a year-on-year increase in exchange gains and losses under the effect of the decline in the cost of swap business.

5. Business cost

During the Reporting Period, the Group's business cost increased by RMB312 million or 0.79% on a year-on-year basis to RMB39.933 billion. The Group's cost-to-income ratio was 29.94%, representing the same level compared with the previous year.

The breakdown of the Group's business cost for the periods indicated is shown below:

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2025	January to June 2024	Increase/ (decrease) (%)
Staff costs	15,592	15,376	1.40
Business expenses	19,475	19,354	0.63
Depreciation and amortization	4,866	4,891	(0.51)
Total business cost	39,933	39,621	0.79

6. Asset impairment losses

During the Reporting Period, the Group's asset impairment losses were RMB33.345 billion, representing a year-on-year decrease of RMB143 million or 0.43%, of which the credit impairment losses on loans decreased by RMB1.273 billion or 4.07% on a year-on-year basis to RMB29.969 billion.

7. Income tax

During the Reporting Period, the Group's income tax expenses decreased by RMB1.398 billion or 75.45% on a year-on-year basis to RMB455 million. The effective tax rate of 0.97% was lower than the statutory tax rate of 25%, mainly due to the tax exemption on interest income from PRC treasury bonds and local treasury bonds held by the Group pursuant to the relevant tax provisions.

FINANCIAL STATEMENT ANALYSIS

(II) Analysis on Key Balance Sheet Items

1. Assets

As at the end of the Reporting Period, the Group's total assets increased by RMB534.688 billion or 3.59% from the end of the previous year to RMB15,435.405 billion, which was mainly attributable to loans to customers. The balances (after provision) of the key components of the Group's total assets and their proportions to the total assets as at the dates indicated are shown below:

	30 June 2025		31 December 2024		31 December 2023	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
		(%)		(%)		(%)
Loans to customers	8,777,937	56.87	8,351,131	56.05	7,772,060	55.28
Financial investments	4,421,066	28.64	4,320,089	28.99	4,104,142	29.19
Cash and balances with central banks	751,611	4.87	717,354	4.81	898,022	6.39
Due from banks and other financial institutions	971,094	6.29	974,042	6.54	859,642	6.11
Others	513,697	3.33	538,101	3.61	426,606	3.03
Total assets	15,435,405	100.00	14,900,717	100.00	14,060,472	100.00

(1) Loans to customers

During the Reporting Period, the Group enhanced credit support for major national strategies, key areas, and weak links, and took the "five priorities" of finance as the starting point to focus on enhancing financial functions and improving the quality and efficiency of financial services. As at the end of the Reporting Period, the balance of the Group's loans to customers increased by RMB443.377 billion or 5.18% from the end of the previous year to RMB8,998.499 billion.

The balance and breakdown of the Group's loans to customers at the dates indicated are shown below:

	30 June 2025		31 December 2024		31 December 2023	
	Balance	Proportion	Balance	Proportion	Balance	Proportion
		(%)		(%)		(%)
Corporate loans	5,931,365	65.92	5,566,578	65.07	5,179,533	65.09
– Short-term loans	1,789,795	19.89	1,611,541	18.84	1,496,422	18.81
– Medium and long-term loans	4,141,570	46.03	3,955,037	46.23	3,683,111	46.28
Personal loans	2,830,359	31.45	2,752,406	32.17	2,473,100	31.08
– Mortgage	1,469,583	16.33	1,466,604	17.14	1,462,634	18.39
– Credit cards	532,699	5.92	538,404	6.29	489,725	6.15
– Personal business loans	439,055	4.88	413,626	4.83	343,585	4.32
– Personal consumption loans	385,798	4.29	330,260	3.86	173,423	2.18
– Others	3,224	0.03	3,512	0.05	3,733	0.04
Discounted bills	236,775	2.63	236,138	2.76	304,452	3.83
Total	8,998,499	100.00	8,555,122	100.00	7,957,085	100.00

FINANCIAL STATEMENT ANALYSIS

The corporate loan balance was RMB5,931.365 billion, representing an increase of RMB364.787 billion or 6.55% from the end of the previous year, among which, short-term loans increased by RMB178.254 billion, and medium and long-term loans increased by RMB186.533 billion which accounted for 46.03% of loans to customers.

The personal loan balance was RMB2,830.359 billion, representing an increase of RMB77.953 billion or 2.83% from the end of the previous year, among which, mortgage loans increased by RMB2.979 billion or 0.20% from the end of the previous year, credit card loans decreased by RMB5.705 billion or 1.06% from the end of the previous year, personal business loans increased by RMB25.429 billion or 6.15% from the end of the previous year, and personal consumption loans increased by RMB55.538 billion or 16.82% from the end of the previous year.

Discounted bills increased by RMB637 million or 0.27% from the end of the previous year.

Distribution of loans to customers by security types

(In millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	3,582,537	39.81	3,308,339	38.67
Guaranteed loans	1,541,963	17.14	1,419,438	16.59
Loans secured by collateral	2,770,908	30.79	2,733,002	31.95
Pledged loans	1,103,091	12.26	1,094,343	12.79
Total	8,998,499	100.00	8,555,122	100.00

Expected credit loss allowance for loans to customers

(in millions of RMB)

	30 June 2025	31 December 2024
Balance at the end of the previous year	225,525	206,309
Accrual/(reversal) in the period	29,969	50,026
Write-offs and disposals in the period	(17,463)	(36,284)
Recovered after written-off	3,327	6,198
Other movements	(292)	(724)
Balance at the end of the period	241,066	225,525

(2) Financial investments

As at the end of the Reporting Period, the Group's net balance of financial investments increased by RMB100.977 billion or 2.34% from the end of the previous year to RMB4,421.066 billion.

FINANCIAL STATEMENT ANALYSIS

The breakdown of investments by nature

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Bonds	3,955,194	89.46	3,857,045	89.28
Equity instruments and others	465,872	10.54	463,044	10.72
Total	4,421,066	100.00	4,320,089	100.00

The breakdown of investments by the presentation basis of financial statements

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Financial investments at fair value through profit and loss	602,018	13.62	656,152	15.19
Financial investments at amortised cost	2,667,177	60.33	2,581,793	59.76
Financial investments at fair value through other comprehensive income	1,151,871	26.05	1,082,144	25.05
Total	4,421,066	100.00	4,320,089	100.00

As at the end of the Reporting Period, the balance of the Group's bonds investments increased by RMB98.149 billion or 2.54% from the end of the previous year to RMB3,955.194 billion. In the future, the Group will reinforce the research and judgment of the economic and financial situation, focus on the incremental allocation and stock optimization of securities investment. First, the Group will maintain the overall strategy focusing on interest rate debt investment, and make investment arrangements for PRC treasury bonds and local treasury bonds. The second is to strengthen the research and judgment on the trend of the credit bond market, prioritize key areas such as the "five priorities" of sci-tech finance, green finance, inclusive finance, ageing finance and digital finance to conduct investments in tech-innovation bonds and green bonds and serve the high-quality development of the real economy. Third, the Group will strengthen bond trading business and continue to provide liquidity for the bond market.

Bond investment structure by issuer

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Government and central banks	3,250,757	82.19	3,118,942	80.86
Public sector entities	31,955	0.81	29,974	0.78
Inter-bank institutions and other financial institutions	459,023	11.60	504,458	13.08
Corporate entities	213,459	5.40	203,671	5.28
Total	3,955,194	100.00	3,857,045	100.00

FINANCIAL STATEMENT ANALYSIS

As at the end of the Reporting Period, financial bonds held by the Group amounted to RMB459.023 billion, including bonds issued by policy banks of RMB75.045 billion and by commercial banks and non-bank financial institutions of RMB383.978 billion, which accounted for 16.35% and 83.65%, respectively.

Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

Bond name	Face value	Annual interest rate (%)	Maturity date	Impairment allowance ^{Note}
Policy Bank Bond issued in 2017	6,489	4.39	2027/09/08	—
Commercial Bank Bond issued in 2025	5,066	1.85	2028/02/28	—
Foreign-funded Bank Bond issued in 2022	3,435	SOFR+1.06	2027/09/29	—
Commercial Bank Bond issued in 2025	3,199	1.65	2028/05/15	—
Commercial Bank Bond issued in 2023	3,097	2.70	2026/11/23	—
Tier-2 Capital Bond of Commercial Bank issued in 2022	2,788	3.58	2032/11/21	—
State-owned Institution Bond issued in 2025	2,162	4.33	2027/05/24	—
Commercial Bank Bond issued in 2022	2,154	4.69	2025/12/08	—
Commercial Bank Bond issued in 2025	2,139	1.65	2028/05/22	—
Commercial Bank Bond issued in 2023	2,065	2.70	2026/11/27	—

Note: Excluding the provision for impairment in the stage 1 withdrawn according to the expected credit loss model.

(3) Foreclosed assets

The selected information of the Group's foreclosed assets on the dates indicated is shown below:

(in millions of RMB)

	30 June 2025	31 December 2024
Original value of foreclosed assets	905	956
Less: Impairment allowance of foreclosed assets	(384)	(433)
Net value of foreclosed assets	521	523

2. Liabilities

The balance and proportion of the main components in the total liabilities of the Group as of the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Deposits from customers	9,171,358	64.90	8,800,335	64.03	8,551,215	65.98
Due to banks and other financial institutions	2,324,674	16.45	2,431,451	17.69	2,424,537	18.71
Certificates of deposits issued	1,515,200	10.72	1,384,372	10.07	1,027,461	7.93
Issuance of bonds	711,828	5.04	691,248	5.03	592,175	4.57
Others	407,575	2.89	437,714	3.18	365,634	2.81
Total liabilities	14,130,635	100.00	13,745,120	100.00	12,961,022	100.00

FINANCIAL STATEMENT ANALYSIS

As at the end of the Reporting Period, the Group's total liabilities increased by RMB385.515 billion or 2.80% from the end of the previous year to RMB14,130.635 billion. Among them, deposits from customers increased by RMB371.023 billion or 4.22% from the end of the previous year, which accounted for 64.90% of total liabilities, up 0.87 percentage point from the end of the previous year; the balance of due to banks and other financial institutions decreased by RMB106.777 billion or 4.39% from the end of the previous year to RMB2,324.674 billion, which accounted for 16.45% of total liabilities, down 1.24 percentage points from the end of the previous year.

Deposits from customers

Deposits from customers is the Group's major funding source. As at the end of the Reporting Period, the balance of the Group's deposits from customers increased by RMB371.023 billion or 4.22% from the end of the previous year to RMB9,171.358 billion. In terms of customer structure, the proportion of corporate deposits was 55.01%, down 0.67 percentage point from the end of the previous year, while the proportion of personal deposits was 43.17%, up 0.79 percentage point from the end of the previous year. In terms of deposit tenure, the proportion of demand deposits was 31.27%, down 1.81 percentage points from the end of the previous year, while the proportion of time deposits was 66.91%, up 1.93 percentage points from the end of the previous year.

The balance and breakdown of the Group's deposits from customers as of the dates indicated are shown below:

	30 June 2025		(in millions of RMB unless otherwise stated)			
	Balance	Proportion (%)	31 December 2024		31 December 2023	
			Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits	5,045,207	55.01	4,900,260	55.68	5,041,991	58.96
– Demand deposits	1,869,774	20.39	1,961,964	22.29	2,050,524	23.98
– Time deposits	3,175,433	34.62	2,938,296	33.39	2,991,467	34.98
Personal deposits	3,959,925	43.17	3,729,547	42.38	3,358,156	39.27
– Demand deposits	998,035	10.88	949,259	10.79	884,746	10.35
– Time deposits	2,961,890	32.29	2,780,288	31.59	2,473,410	28.92
Other deposits	2,546	0.03	3,436	0.04	3,240	0.04
Accrued interest	163,680	1.79	167,092	1.90	147,828	1.73
Total	9,171,358	100.00	8,800,335	100.00	8,551,215	100.00

3. Off-balance sheet items

The Group's off-balance sheet items included derivative financial instruments, contingencies and commitments as well as collaterals.

The Group mainly entered into derivative financial instruments for the purpose of transaction, hedging, asset liability management and agency. The derivative financial instruments of the Group include interest rate contracts, exchange rate contracts, precious metals and commodity contracts. Please refer to Note 17. Derivative Financial Instruments to the Consolidated Financial Statements for the details of nominal amount and fair value of the derivative financial instruments.

FINANCIAL STATEMENT ANALYSIS

The Group's contingencies and commitments mainly included outstanding litigations, credit related commitments and financial guarantees, capital expenditure commitments, operating leasing commitments, commitments on security underwriting and bond acceptance. Please refer to Note 36. Contingencies to the Consolidated Financial Statements for details of contingencies, and Note 37. Commitments to the Consolidated Financial Statements for details of commitments.

The Group uses part of its assets as collaterals for inter-bank repurchase arrangements and other liabilities-related business. Please refer to Note 38. Collaterals to the Consolidated Financial Statements for details.

(III) Analysis on Key Cash Flow Items

As at the end of the Reporting Period, the balance of Group's cash and cash equivalents increased by RMB52.282 billion from the end of the previous year to RMB214.232 billion.

The cash flow of operating activities was a net inflow of RMB53.479 billion, increasing by RMB275.921 billion on a year-on-year basis, mainly due to the increase in cash inflows from deposits from customers.

The cash flow of investing activities was a net outflow of RMB102.296 billion, increasing by RMB200.338 billion on a year-on-year basis, mainly due to the net cash outflows from bond investment in the current period as compared with the net cash inflows in the same period last year.

The cash flow of capital-raising activities was a net inflow of RMB100.143 billion, increasing by RMB104.339 billion on a year-on-year basis, mainly due to the increase in cash inflows from the issuance of ordinary shares in the Reporting Period.

(IV) Segment Analysis

1. Operating results by geographical segments

The profit before tax and net operating income from each of the Group's geographical segments for the periods indicated are shown below:

(in millions of RMB unless otherwise stated)

	Six months ended 30 June							
	2025		2024					
	Profit before tax	Proportion (%)	Net operating income ¹	Proportion (%)	Profit before tax	Proportion (%)	Net operating income ¹	Proportion (%)
Yangtze River Delta	25,385	54.11	48,610	36.41	20,810	43.65	46,759	35.28
Pearl River Delta	(3,820)	(8.14)	12,399	9.29	3,303	6.93	12,311	9.29
Bohai Rim Economic Zone	9,152	19.51	16,254	12.18	9,021	18.92	17,002	12.83
Central China	8,346	17.79	17,854	13.36	11,004	23.07	19,190	14.47
Western China	6,317	13.47	11,476	8.60	6,488	13.61	12,088	9.12
North Eastern China	2,036	4.34	3,708	2.78	1,271	2.67	4,130	3.12
Overseas	7,303	15.57	10,076	7.55	6,882	14.43	10,249	7.73
Head Office ²	(7,809)	(16.65)	13,121	9.83	(11,101)	(23.28)	10,821	8.16
Total³	46,910	100.00	133,498	100.00	47,678	100.00	132,550	100.00

FINANCIAL STATEMENT ANALYSIS

Notes:

1. Including net interest income, net fee and commission income, net gains/(losses) arising from trading activities, net gains/(losses) arising from financial investments, net gains/(losses) on investments in associates and joint ventures and other operating income. Same applies hereinafter.
2. Including the Pacific Credit Card Center. Same applies hereinafter.
3. Including profit/(loss) attributable to non-controlling interests.
4. The comparative information was prepared in accordance with the categorization of the current period since the assessment rules of the income and expense distribution between various business segments have been adjusted.

2. Deposits and loans by geographical segments

The Group's loans balances by geographical segments as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024	
	Loans balances	Proportion (%)	Loans balances	Proportion (%)
Yangtze River Delta	2,599,568	28.89	2,432,084	28.43
Pearl River Delta	1,203,302	13.37	1,115,864	13.04
Bohai Rim Economic Zone	1,449,640	16.11	1,406,292	16.44
Central China	1,449,256	16.11	1,370,600	16.03
Western China	1,092,830	12.14	1,024,200	11.97
North Eastern China	285,656	3.18	274,860	3.21
Overseas	330,493	3.67	329,666	3.85
Head Office	587,754	6.53	601,556	7.03
Total	8,998,499	100.00	8,555,122	100.00

The Group's deposit balances by geographical segments as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024	
	Deposit balances	Proportion (%)	Deposit balances	Proportion (%)
Yangtze River Delta	2,562,618	27.94	2,433,080	27.65
Pearl River Delta	1,062,027	11.58	1,037,123	11.79
Bohai Rim Economic Zone	1,942,253	21.18	1,892,633	21.51
Central China	1,521,519	16.59	1,436,159	16.31
Western China	962,719	10.50	913,041	10.37
North Eastern China	459,705	5.01	441,464	5.02
Overseas	493,302	5.38	476,226	5.41
Head Office	3,535	0.04	3,517	0.04
Accrued interest	163,680	1.78	167,092	1.90
Total	9,171,358	100.00	8,800,335	100.00

FINANCIAL STATEMENT ANALYSIS

3. Operating results by business segments

The Group's four main business segments are corporate banking, personal banking, treasury businesses and other businesses.

The Group's profit before tax and net operating income by business segments for the periods indicated are shown below:

(in millions of RMB unless otherwise stated)

Six months ended 30 June

	2025		2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Net operating income	133,498	100.00	132,550	100.00
Corporate banking	64,662	48.44	63,769	48.10
Personal banking	49,584	37.14	52,182	39.37
Treasury businesses	18,632	13.96	16,035	12.10
Other businesses	620	0.46	564	0.43
Profit before tax	46,910	100.00	47,678	100.00
Corporate banking	25,101	53.51	20,243	42.46
Personal banking	7,461	15.90	14,300	29.99
Treasury businesses	14,273	30.43	13,191	27.67
Other businesses	75	0.16	(56)	(0.12)

Note: The comparative information was prepared in accordance with the categorization of the current period since the assessment rules of the income distribution between various business segments have been adjusted.

BUSINESS REVIEW

II. BUSINESS REVIEW

(I) Development Strategies and Implementation

Aiming at contributing to China's ambition of building a strong financial powerhouse, the Group actively and effectively played the role as an important force to support China's real economy and the ballast for maintaining financial stability, continued with its in-depth efforts to promote its "One-Four-Five" strategy, implemented the "five priorities" of sci-tech finance, green finance, inclusive finance, ageing finance and digital finance in a practicable and refined manner, continued building business characteristics, and strengthened the Green Credit business as a keynote "color" for business growth. With the construction of a "Shanghai-based bank" and digital transformation as the strategic breakthroughs, the Group has optimized the credit structure, promoted product innovation, increased investment in resources, strengthened service capacity, continuously improved development quality, further enhanced comprehensive capabilities, and basically achieved strategic advancement of phased goals.

Sci-tech finance. The Bank continuously strengthened the mechanisms, the organizational structure, and professional talent reserve to promote the growth of sci-tech finance. By doing so, the Bank managed to attract various types of financial resources into the sci-tech innovation field. Giving full play to the advantage of the Group's full license operation, the Bank established a universal financial service system covering equity, credit, bond, leasing, and custody, and actively promoted the virtuous cycle among sci-tech, industry and finance. **In terms of organizational structure,** the Bank continuously improved the four-tier service system at the Head Office, tier-1 and tier-2 branches, and sub-branches. More than 20 branches have established specialized organizations for the promotion of sci-tech finance. 87 sci-tech speciality sub-branches have been

set up. **In terms of product supply,** the Bank continuously enriched the product supply under "BOCOM Sci-Tech Innovation" brand, providing technology-based enterprises with life-cycle, full-chain, and relay-type financial services including loans, equity investment, bond financing, and sci-tech leasing. **In terms of channel construction,** the Bank built sci-tech finance ecosystems by layer, grade, and category, jointly established a laboratory with the Torch Center of the Ministry of Industry and Information Technology, and initiated the the Five-One (i.e. one visit, one enterprise-bank meeting, one financing roadshow, launch one batch of financing products and form one batch of duplicable experiences) Special Action, continuously extending the service reach. **In terms of the supporting policies,** the Bank adapted to differentiated credit investment guidance, special approval policies, and assessment and incentive policies, gave differentiated tolerance thresholds to technology-based enterprises, implemented the system of due diligence exemption, and strengthened and improved incentives and constraints. As at the end of the Reporting Period, the Bank had provided credit support for 68,000 technology-based enterprises, with a loan balance exceeding RMB1.5 trillion.

Green finance. The Bank strengthened the support of green finance for the real economy in key regions and sectors, and deeply advanced the high-quality development of green finance.

The Bank continuously strengthened the supply of green finance policies. The Bank continuously played the leading role of the Green Finance Development Committee, clarified the key directions and tasks of green finance for the whole year, developed a package of supporting policies covering assessment and evaluation, resource allocation, credit review, organizational structure, and business training, and enhanced the support for green finance. **The Bank fully served the**

BUSINESS REVIEW

green and low-carbon transformation of the economy and society.

The Bank gave full play to the advantages of comprehensive services, providing green financial services to the entire market and all customers. As at the end of the Reporting Period, the balance of green loans exceeded RMB870 billion, achieving a significant increase compared with the end of the “13th Five-Year Plan”. It enhanced the credit support for key customers in the energy conservation and carbon reduction field. As at the end of the Reporting Period, the balance of energy conservation and carbon reduction industries of the entire Bank increased by 6.58% from the end of the previous year. The Bank issued RMB145.0 billion of green financial bonds in total in China.

The Bank made forward-looking plans for the development of transition finance.

The Bank studied and promoted related work, and clarified the overall thinking for the development of transition finance, strengthened policy supply and guidance, and actively leveraged green finance standards or transition finance standards to enhance credit support for green development and low-carbon transformation in energy, industry, transportation, construction and other fields. **The Bank enhanced the digital capability building of green finance.**

Continued efforts were made to innovate and explore data governance and risk management of green finance with the empowerment of technologies. The Bank actively promoted the construction of ESG evaluation and green credit classification systems, strengthened the application of green finance data, and enhance the basic capabilities of carbon accounting to further expand the coverage of carbon emissions measurement for investment and financing customers. **The Bank strengthened its own green and low-carbon operations.**

It established a green and low-carbon operation indicator system to enhance the carbon emission accounting of the entire Group’s operations. The Bank advanced the construction of green data centers and took the

Pujiang Park as a pilot to actively establish a green and low-carbon demonstration park. The Bank also orderly promoted the construction of “low-carbon branches” and actively leveraged technological solutions to promote the online and mobile services for customers.

Inclusive finance. The Bank continued to deepen the reform of mechanisms and systems, innovated and optimized the product and service system, and strengthened support for major national decisions and deployments such as serving small and micro enterprises, rural revitalization, and boosting consumption to promote the high-quality development of inclusive finance business throughout the Bank. **The Bank improved systems and mechanisms to release the reform efficiency.**

Actions were taken to deepen the coordination mechanism for supporting small and micro enterprise in accessing financing, promote the transformation and improve the quality of credit card localized operation, deepen the reform of the digital operation model, and actively encourage all staff to engage in inclusive finance. As a result, the Bank expanded the coverage and increased the volume of inclusive finance. The balance of inclusive loans amounted to RMB852.401 billion, representing an increase of RMB97.817 billion or 12.96% from the end of the previous year. **The Bank optimized the product and service system to serve the real economy.** Efforts were made to strengthen product innovation for small and micro enterprises, private enterprises, and individual business, create a unified credit granting business model for natural persons, promote proactive credit granting and “credit +” services, and increase the supply of first-time loans, renewal loans, credit loans, and medium- and long-term loans. **The Bank strengthened credit supply in “three rural” areas to support rural revitalization and building China’s strength in of agriculture.** The Bank actively engaged

BUSINESS REVIEW

with key enterprise lists and project databases to strengthen financial support in key sectors such as grain, facility agriculture, agricultural technology, and agricultural industrial chains. It iterated and optimized the “Agriculture Promotion e-Loan” product system and developed distinctive online services by leveraging digital empowerment. The Bank effectively consolidated and expanded the achievements of poverty alleviation. The paired assistance programs of BOCOM has been rated as “good” for seven consecutive years. **The Bank assisted in expanding domestic demand and promoting consumption to meet the people’s demand for consumer credit services.** Actively responding to the national action plan to boost consumption, the Bank comprehensively upgraded the unsecured personal consumer lending product, increased the supply of consumer credit products in multiple scenes such as cultural tourism, healthcare, accommodation services, and the silver economy, actively carried out trade-in programs and “Super Red Friday” activities for credit cards, and promoted the transformation of auto finance business. The balance of credit card installments increased by 20.2% year-on-year. **The Bank enhanced wealth management capabilities to increase residents’ property income through multiple channels.** Efforts were made to enrich the supply of inclusive wealth management products, manage product performance at a high standard, improve the inclusive insurance system, and increase the supply of insurance cover for specific groups such as the sub-healthy, low- and middle-income groups, and new city residents. **The Bank served the needs of the people by improving the capacity of basic financial services.** It made efforts to strengthen comprehensive services for individual business, new city residents, and the elderly, improve the consumption payment service system, and enhance the capacity of basic financial services. **The Bank strengthened risk prevention and control in key areas to enhance the quality and efficiency**

of protecting consumers’ rights and interests.

The Bank took actions to optimize risk assessment and credit approval models, applied AI and other tools to improve quality and efficiency of post-loan management and stabilize asset quality. It also strengthened the governance of complaint points in key business areas such as credit cards and retail loans, innovated financial promotion and education, and further advanced the technology empowerment for protecting consumers’ rights and interests, thereby improving the quality and efficiency of protecting consumers’ rights and interests throughout the Bank.

Ageing finance. The Bank formulated a plan for the construction of an elderly care financial service system, with a vision of “building a senior-friendly bank” for the development of elderly care finance. The Bank advanced the construction of a service system covering five major areas: finance for the elderly care industry, ageing finance, pension wealth finance, pension consumer finance, and the improvement of ageing-friendly financial services. **The Bank actively supported the development of elderly care services and the silver economy, and the coverage of financial services for the elderly care industry continued to expand.** As at the end of the Reporting Period, the balance of loans to the elderly care industry increased by 21.39% compared to the end of the previous year. The Bank served the construction of the social security system, and the scale of ageing finance business grew rapidly. The scale of social security cards and personal pension business significantly expanded, with the scale of pension under custody ranking among the top in the industry. The Bank enriched the product supply for pension wealth finance, helping residents preserve and increase the value of their retirement savings. Our subsidiaries maintained advantages in the management scale of pension target funds and the yield of pension wealth

BUSINESS REVIEW

management products. **The Bank advanced the construction of an elderly care ecosystem that incorporated financial services.** The prepayment fund supervision service for elderly care institutions was implemented in many places across China. The initiative to build a senior-friendly bank was selected as an outstanding case in financial consumer protection and service innovation by *China Banking and Insurance News*, and won the 2025 “Best Elderly Financial Services in China” award from *The Asian Banker*.

Digital finance. The Bank strengthened strategic planning and the reform of systems and mechanisms. It revised the digital finance action plan to 2027, enhancing the adaptability and inclusiveness of digital financial products and services to major strategies, key areas, and weak links. Establishing a digital operation center, the Bank fortified the financial business operation system driven by data and intelligence, forming a collaborative operation mechanism of online direct sales with offline expansion, and online empowerment with offline delivery. The Bank cultivated new quality productive forces with “data factor ×” and “AI +” initiatives. The Bank deeply integrated digital finance with serving the real economy. Efforts were made to build an open ecosystem covering supply chain finance, cross-border services and platform economy, and deepen the construction of payment scenes with both traditional and innovative payments as a driving force. Measures were taken to enrich the supply of “digital +” products, deepen the reengineering of business processes, innovate the proactive credit granting model for sci-tech innovation and inclusive finance, and forge a “one-stop” comprehensive service solution for cross-border finance. The Bank deployed batches of digital employees, and upgraded digital and intelligent platform tools to improve the quality and efficiency of digital operation and management. As at the end of the Reporting

Period, the balance of loans to the core industries of digital economy exceeded RMB286 billion, and internet loans increased by 8.52% from the end of the previous year.

Leveraging the advantage of a Shanghai-based bank. Starting from strengthening financial service functions, the Bank has been committed to reshaping the service model and business processes with the “one thing” mindset and digital means, fully supporting building Shanghai into “five centers” and bolstering Shanghai’s high-quality economic and social development. During the Reporting Period, the Bank established cooperation for 60 municipal-level major projects and 118 district-level major projects, and deeply integrated into the construction of Shanghai’s financial market, achieving over RMB488.0 billion in Bond Connect transactions and over RMB491.0 billion in Swap Connect transactions. The Bank continuously advanced the construction of cross-border RMB infrastructure, maintaining a leading position in the market in terms of the number of cooperative clients for CIPS standardized sender-receiver. The Bank obtained the qualification as a custodian and clearing bank for Southbound Bond Connect, contributing to enhancing Shanghai’s status as a cross-border capital hub. It jointly released the Shanghai Clearing House BOCOM Wealth Management Sci-Tech Finance Bond Index with the Shanghai Clearing House and issued China’s first wealth management product linked to this index. The Bank wholeheartedly served Shanghai’s high-level opening-up, formulated and implemented the action plan for stabilizing foreign trade, innovatively developed the “BOCOM Shipping-Trade” platform, and explored an upgraded “working capital loans + derivatives” solution for foreign trade fast loans. The Bank continuously built up the characteristics of sci-tech finance, setting up 23 sub-branches with sci-tech characteristics in Shanghai to achieve full coverage of sci-tech financial services

BUSINESS REVIEW

across the city. The Bank strengthened the equity, loan, bond, leasing, and custody ecosystem, increasing equity investment in technology-based enterprises in Shanghai by over RMB2.7 billion, and leading the underwriting of the first sci-tech innovation bond in the inter-bank market in Shanghai. The Bank continuously promoted digital RMB. As the only selected banking institution, the Bank promoted the gate renovation projects for Shanghai Shentong Metro and Shanghai Maglev; and as the exclusive cooperative bank, implemented the first digital RMB gas bill payment scene in Shanghai.

(II) Corporate Banking

- ◆ The Bank continued to promote an increase in total credit balance with structural optimization. As at the end of the Reporting Period, the Group's corporate loans increased by RMB364.787 billion or 6.55% from the end of the previous year, in which loans to sci-tech enterprises, inclusive small and micro enterprises and elderly care industry increased by 12.73%, 11.45% and 21.39%, respectively, all exceeding the Group's average loan growth rate.

1. Customer development

The Bank continuously carried out the management of corporate customers by tiered classification and built a refined and professional service system. As at the end of the Reporting Period, the total number of corporate customers of domestic banking institutions reached 2.95 million, representing an increase of 3.75% from the end of the previous year. For group customers, the Bank strengthened its services and support for customers involved in the focused areas such as sci-tech finance, manufacturing powerhouse build-up, green development, digital economy and agriculture powerhouse build-up. It also committed to establishing a group-wide integrated and collaborative service system and continued to optimize customer service policies and

credit procedures in order to improve service level and business synergy. At the end of the Reporting Period, the total number of group customers was 120,500, representing an increase of 8,700 from the end of last year. In terms of government institution customers, the Bank actively participated in the construction of digital government and the process of digital transformation of cities, helped to provide convenient administrative services, and built the intelligent government products system. As at the end of the Reporting Period, the number of government institution customers reached 82,000, representing an increase of 1,358 from the end of the previous year. For the basic small and micro enterprise customers, the Bank has developed an online operational framework for long-tail corporate customers, facilitating seamless customer engagement through diverse channels like outbound calling and enterprise WeChat. Concentrating on high-frequency business scenes, the Bank has been constantly improving services such as account opening, fund transfers, and payment settlements. Moreover, an integrated online-offline service model has been instituted to deliver precise digital financial support. As at the end of the Reporting Period, the number of the basic small and micro enterprise customers reached 2,652.9 thousand, representing an increase of 92.1 thousand from the end of the previous year.

2. Scene construction

The Bank intensively explored scene construction through digital thinking, gaining noticeable achievements in subdivided scenes such as medical care, central corporate treasury and inter-bank fund management. Credit+Medicare service has been launched in 103 cities including Shanghai, Dalian, Guangzhou, Xiamen and Zibo, etc., to alleviate the patients from the trouble of queuing for medical treatment via enabling them to receive medical treatment before paying the fees. The

BUSINESS REVIEW

Bank continuously enhanced the core capability of BOCOM e-supervision digital integrated service platform to provide users with safe, flexible, accurate and efficient full cycle fund supervision services, and launched nearly 4,000 projects accumulatively. The Bank built a cloud-based cross-bank treasury management ecosystem, with direct connectivity to accounts of over 230 domestic and foreign commercial banks, delivering comprehensive cross-bank fund management services including bank-corporate payment, payroll agency business, intelligent bookkeeping, and cross-border settlement for 1,314 groups and units. By continuously optimizing service matrix and pursuing technological innovation, the Bank forged a differentiated service advantage with industry-leading position. It upgraded the one-stop scene scheme of BOCOM Grid Connect ver. 2.0, adding new charging pile service scenes vertically, and continuously offering comprehensive “financing + settlement” services to meet the financial needs of power grid groups as well as upstream and downstream customer groups in the links of power sales, power transmission, power construction, and power consumption horizontally. The Bank acquired 2,222 new customers, representing an increase of 28.89% compared to the same period last year. The new issuance of financing amounted to RMB35.988 billion, representing an increase of 49.94% compared to the same period last year.

3. Services to inclusive small and micro enterprises

To deepen the coordination mechanism to support small and micro enterprises financing, the Bank gave full play to the four-tier special task forces covering the Head Office, tier-1 and tier-2 branches, and sub-branches. Through the Five-One (i.e. one visit, one enterprise-bank meeting, one financing roadshow, launch one batch of financing products and form one batch of duplicable experiences) Special Action

jointly with the Torch High Technology Industry Development Center of the Ministry of Industry and Information Technology, the Bank successfully unfolded a campaign of visiting thousands of enterprises. The Bank continuously optimized credit structures, increased loan extensions to small and micro customers in key areas such as foreign trade, private enterprises, science and technology, and consumption, and promoted the credit supply of inclusive finance by ensuring the amount, improving the quality, stabilizing the prices, and optimizing the structure. The brand connotation of BOCOM Zhan Ye Tong (literally, BOCOM Personal Business Promotion) and BOCOM Yi Nong Tong (literally, BOCOM Agriculture Promotion) enhanced the online functions of the series products under the brands of Zhan Ye E-loan (literally, Personal Business E-loan) and Yi Nong E-loan (literally, Agriculture Promotion E-loan), with a view to delivering standard products and scene-customized products to customers. To deepen the “credit +” service model, the Bank continuously carried out a special marketing activity known as the “BOCOM Personal Business Promotion Weekly Award”, and strengthened corporate-personal synergized marketing to provide small and micro enterprise customers with comprehensive services such as settlement, payroll and financing service. The Bank continued to carry forward the integrated growth of inclusive finance and sci-tech finance. Efforts were made to optimize Ke Chuang Yi Dai (literally, Sci-Tech Loan Easy), a specialized product line exclusively designed for sci-tech small and micro enterprises, and expanded the targets of proactive loan extension from sci-tech small and micro enterprises to a broader range of small and micro enterprise customers. By accelerating digital empowerment, the Bank further enhanced digital risk control capabilities, and strengthened post-loan management and compliance management to firmly uphold the bottom line of risk compliance.

BUSINESS REVIEW

As at the end of the Reporting Period, the balance of inclusive loans provided to small and micro enterprises was RMB849.317 billion, representing an increase of RMB87.245 billion or 11.45% from the end of the previous year. The number of customers with loan balances totaled 461.0 thousand, representing an increase of 44.8 thousand from the end of the previous year. The average interest rate of incremental inclusive loans to small and micro enterprises in the first half of the year was 2.99%.

4. Industrial chain services

Based on the needs of modern industrial system construction and development, the Bank has introduced the “Winto E-chain” brand portfolio, delivering digital, scene-driven, and streamlined comprehensive financial service solutions for enterprises across the industrial chain. This initiative aims to reinforce, supplement, and extend the industrial chains of the real economy. Adopting a customer-centric approach, the Bank concentrated on key client groups including central and state-owned enterprises, strategic partners, and leading industrial firms, advancing the second-stage development of “smart transaction chain” platform. The Bank has continued to promote the docking with core enterprises and third-party supply chain platform systems, and created a digital scene service feature of industrial chain finance. The Group innovated the “second-level” financing product line, leveraging technology empowerment to improve service efficiency and customer experience, and continuously enhanced the level of financial digitalization and scene-based development in the industrial chain. During the Reporting Period, the business volume of industrial chain finance amounted to RMB319.163 billion, representing a year-on-year increase of 4.90%, serving a total of 38,200 upstream and downstream enterprises on the industrial chain, increasing by 3.99% year-on-year.

5. Services to sci-tech enterprises

The Bank actively aligned with China’s strategy of building a science and technology powerhouse, and established and improved a financial service system that was highly compatible with the goal of realizing high-level self-reliance and building a science and technology powerhouse. The Bank made overall use of creditor’s rights, equity and other means to provide life-cycle, full-chain, and relay-type financial services for sci-tech enterprises, promoting the deep integration of sci-tech innovation and industrial innovation. In key industries such as strategic emerging industries and high-tech manufacturing, the Bank made efforts to concentrate its financial resources on science and technology sector to promote the high-quality development of sci-tech finance. Focusing on key customer segments including new and high technology enterprises, technology-based SMEs, National Manufacturing Single Item Champions, Specialized, Refined, Distinctive and Innovative “Little Giants” Enterprises and SMEs, National Technological Innovation Demonstration Enterprises, and innovative SMEs, the Bank perfected the four-tier service system composed of the Head Office, tier-1 branches, tier-2 branches and sub-branches, enriched the full life-cycle and full-chain product system, and developed a sci-tech finance ecosystem. As at the end of the Reporting Period, the number of sci-tech enterprise customers with loan facilities increased by 11.12% from the end of the previous year. The number of technology-based small and medium-sized enterprises with loan facilities was 32,300 and the loan balance increased by 22.93% from the end of the previous year.

BUSINESS REVIEW

6. *Investment banking business*

The Bank proactively served the national strategies and integrated into its offerings diversified investment and financing products such as domestic and overseas bonds, equities and M&A financing, and actively served technological innovation, green low-carbon, high-level opening up, and regional development strategies. During the Reporting Period, the Bank's scale of underwriting of bonds under NAFMII calibre (debt financing instruments issued by non-financial enterprises) amounted to RMB77.04 billion. The Bank provided sci-tech enterprises and sci-tech related enterprises with various financing and investment services such as bond underwriting, M&A financing, equity investment and financial leasing, amounting to RMB39.344 billion. The Group enhanced the service for Shanghai's international center ambition via equity investment, with continued efforts in further highlighting its strength in equity investment service by leveraging its advantages as a Shanghai-based bank. In the first half of 2025, a total of RMB4.5 billion worth of equity investment agreements were signed for the key Shanghai municipal projects, with a cumulative paid-in amount of RMB2.89 billion.

(III) Personal Banking

- ◆ The scale of personal deposits, loans and AUM grew steadily. As at the end of the Reporting Period, the balance of personal deposits increased by 6.18% from the end of the previous year. The balance of personal loans increased by 2.83% from the end of the previous year. Among this, the balance growth rate of personal consumer lending extended by domestic banking institutions outpaced the industry, with the market share climbing 0.80 percentage point from the end of last year. The scale of AUM increased by 5.52% from the end of last year.

1. *Retail customers and assets under management (AUM)*

The Bank deepened customer segmentation management, continuously expanded the coverage of high-quality scenes, customer services, and product offerings, and enhanced the full life-cycle operation and management model for customer acquisition, engagement, and retention. By leveraging professional and intelligent capabilities, the Bank continuously improved customer services in terms of convenience, satisfaction, and coverage, consolidated the customer base, and promoted the sustained and stable growth in AUM scale. As at the end of the Reporting Period, the number of retail customers of domestic banking institutions increased by 1.30% from the end of the previous year to 202 million (including debit card holders and credit card holders), the number of qualified OTO Fortune customers increased by 6.76% from the end of the previous year to 2.8321 million. The scale of AUM increased by 5.52% from the end of the previous year to RMB5,792.553 billion.

2. *Wealth management*

Adhering to a customer-oriented philosophy, the Bank consistently strengthened full-chain operating capabilities in investment and research, products, sales and services for the purpose of enhancing the inclusiveness of wealth management business. The Bank enriched product offerings, actively distributed the first batch of new products with floating management fee, and further improved the category of inclusive insurance products, making financial products featuring safety, yield, and liquidity benefit a wider range of customers. The Bank strengthened product performance management by building and sustaining the reputation of "OTO Choice" products, and maintained the leading performance advantage of "OTO Choice" series of products. The Bank enhanced customer service capabilities by carrying out the "100 Cities and 10,000 Households" wealth

BUSINESS REVIEW

management campaign to expand the coverage of wealth management services. By strengthening technology empowerment and optimizing digital tools such as the wealth management platform, the Bank further improved customer experience. As at the end of the Reporting Period, the balance of personal public offering funds products on consignment was RMB213.161 billion, the balance of personal wealth management products on consignment was RMB1,004.477 billion, and the balance of personal insurance products on consignment was RMB353.53 billion.

3. Scenes and payment

The Bank implemented an action plan to support and boost consumption, focusing on high-frequency consumer scenes such as trade-in programs, cultural tourism, e-commerce shopping, and daily living consumption. It carried out online and offline bank card marketing campaigns to stimulate spending, launched special promotional events for major cultural tourism performances, and helped enhance customers' willingness to consume. In line with national requirements to improve payment convenience, the Bank optimized payment and settlement services, introduced BOCOM version of "Instant Tax Refund" service for overseas visitors' shopping, launched Quick Pass service for subway card swipes, and innovatively rolled out Mobile Phone POS project. To support urbanization, the Bank continued to enhance services for the new urban resident segment, providing a wide range of preferential benefits. As at the end of the Reporting Period, the accumulated number of debit cards issued increased by 4.2599 million from the end of the previous year, and a total of 2.5233 million New City Residents Theme Debit Cards were issued.

4. Personal lending

The Bank actively implemented various policies to stem the downturn and restore stability in the real estate market. It strengthened all-round cooperation with key high-quality channels, and advanced the optimization of the entire process of housing mortgage business. As at the end of the Reporting Period, the balance of personal housing mortgage loans amounted to RMB1,469.583 billion, representing an increase of 0.20% from the end of the previous year. During the Reporting Period, the Bank issued over RMB100 billion of mortgage loans, with second-hand housing loans accounting for more than 40% of the total.

Actively implementing the requirements of national initiatives to boost consumption, the Bank comprehensively upgraded Hui Min Loan (literally, Loan Benefiting the People, the Bank's brand of unsecured personal consumer lending services), and expanded the supply of consumer credit products across diversified scenes including cultural tourism, healthcare, accommodation services, and the silver economy to serve key customer groups such as new city residents. The Bank continued to advance headquarter-level partnerships with new energy vehicle brands and increase credit support to facilitate green finance development. As at the end of the Reporting Period, the balance of personal consumption loans was RMB385.798 billion, representing an increase of 16.82% from the end of the previous year.

The Bank continuously enhanced the support for business entities by optimizing the personal business loan product system. Continuous efforts were made to expand and increase the volume of credit-based business. The "Benefit Business Loan" won "China's Best Inclusive Finance Project 2025" award rated by *The Asian Banker*. Additionally, the Bank innovatively launched the Shang Quan Hui Dai (literally, Business

BUSINESS REVIEW

District Loan), a sector-specific and scene-based product for professional market customers. As at the end of the Reporting Period, the balance of personal business loans was RMB439.055 billion, representing an increase of 6.15% from the end of the previous year.

The Bank continued to promote the digital transformation of retail loans by fully utilizing the advantages of digital capabilities such as enterprise architecture, big data, and AI to innovate and improve product applications and business models. The unified management system for retail loan model covering entire products and full life cycle won the award of Excellence in Risk Management of Financial Industry AI Models rated by China Academy of Information and Communications Technology.

5. *Private banking*

Based on the customer-oriented philosophy and guided by investment research, the Bank improved the screening mechanism for cooperative institutions, continuously optimized the private banking product system, increased the supply of inclusive, low-volatility, and stable products, and enhanced the service capability of diversified asset allocation. The performance of the “Private Banking Choice” product outperformed similar products in the market. The family wealth management business saw fast growth, and innovative services such as elderly care trust, charitable trust, and equity family trust developed rapidly. The Bank kept promoting the integrated online-offline operations. It organized roadshow activities to meet customers’ wealth management needs, and held “high-quality, low-cost, and wide-coverage” customer activities to meet the spiritual and cultural needs of the people. The activity scenes and customer coverage continued to expand, and customer satisfaction was effectively improved. As at the end of the Reporting Period, there were 102,600

private banking customers of the Group, representing an increase of 8.94% from the end of the previous year; the assets of private banking customers under management of the Group were RMB1,388.874 billion, representing an increase of 7.20% from the end of the previous year.

6. *Credit cards*

In line with national policies on expanding domestic demand and boosting consumption, the Bank actively carried out inclusive promotional campaigns across all card products, focusing on key consumer areas such as cultural tourism, cuisine, shopping, and travelling. It further deepened the brand ecosystem of “Super Red Friday”, enhancing its scene-based service offerings. The Bank drove the penetration of services through the credit card marketing activity themed “10,000 Stores across 100 Counties for the Benefit of People’s Livelihood”. The initiative targeted high-traffic consumption areas in county-level regions, engaging over 10,000 new merchants to implement diversified promotional activities for livelihood-focused card usage, thereby creating new growth drivers for boosting consumption. The Bank refined customer management by launching the Super Elite Platinum Credit Card, which redefined the annual fee product benefit system with an innovative “Benefits 3 + 1” combination model. By integrating inclusive services for all customers with customized solutions for premium customer groups, the Bank executed tiered operations with targeted strategies to achieve sustainable development for steady business growth.

As at the end of the Reporting Period, the overdraft balance of credit card of domestic banking institutions reached RMB532.582 billion, and the number of cards in force was 60,098,500. During the Reporting Period, the total spending volume of credit cards reached RMB1,096.6 billion.

BUSINESS REVIEW

7. Ageing finance services

Taking “building a senior-friendly bank” as a development goal, the Bank constructed a business system that was friendly in terms of products, channels, services, workforce, and ecosystems. This initiative fortified the business foundation characterized by stable service entities, stable product access, stable portfolio strategies, stable property security, and stable service quality. The Bank comprehensively built an elderly care ecosystem and integrated financial services into the ecosystem.

The coverage of financial services for the elderly care industry continued to expand. The Bank optimized the credit policies for the healthcare industry, elderly care industry, and silver economy, and actively leveraged structural monetary policy tools and local guarantee policies to support the development of elderly care service providers and silver economy entities. As at the end of the Reporting Period, the entire Bank’s balance of loans to the elderly care industry increased by 21.39% compared to the end of the previous year.

The scale of ageing finance business grew rapidly. The Bank vigorously promoted social security cards and personal pension business, and built a one-stop personal pension service system covering “account opening, fund pay-in, product investment, and comprehensive services”. The Bank continued to strengthen account management and custody services for the National Social Security Fund, Basic Pension Fund and Enterprise (Occupational) Annuities, ranking at the forefront of the industry in terms of the scale of the pension under custody.

The Bank enriched the product supply for pension wealth finance. It continuously improved “Elderly Care Choice” product series, and launched 382 aging-friendly wealth management products spanning savings, funds, insurance and wealth management categories, ranking at the forefront of the industry in terms of total number of products. The Bank fully leveraged the advantages of integrated operations. The management scale of pension target funds and the yield of pension wealth management products remained remarkably strong.

The Bank enhanced financial support for elderly care consumption by relaxing the age restrictions on auto loans and credit card applications for the elderly, and launched consumption payment discounts for elderly customer groups in selected regions to promote silver consumption.

The aging-friendly financial services were continuously improved. The Bank established senior-friendly branches and enhanced aging-friendly facilities and services. The Bank continuously improved the elderly-friendly version of Mobile Banking, “BOCOM On-cloud” and other online channels to facilitate senior-aged users to handle business online. The Bank continuously carried out anti-fraud and anti-scam education for senior customers.

The Bank advanced the development of an ageing finance ecosystem. The Bank vigorously promoted the prepayment fund supervision service for elderly care institutions and implemented it in many places across China. The Bank built an “elderly care + finance” ecosystem centering on the core life scenes of silver-haired populations, including medical care, food, housing, transportation, travel, elderly care, and learning.

BUSINESS REVIEW

(IV) Inter-bank and Financial Market Business

- ◆ The Bank actively served Shanghai's international financial center construction, intensively participated in the development of financial markets including bond market, money market and foreign exchange market within China, strengthened its market making and quotation abilities, intensified its business cooperation in the financial markets, and optimized its professional custody services, aiming to transform financial market products into quality services that meet the needs from various circles of customers, and constantly strengthen its capabilities to serve the real economy.

1. *Inter-bank business*

The Bank intensified services across the financial factor market to support the development of a modern financial market system. Efforts were made to support the inter-bank market in improving settlement efficiency, and expand businesses such as fiduciary central counterparty clearing service and foreign exchange trading settlement banking service. The Bank facilitated the injection of insurance funds and other long-term and stable funds into the gold market, becoming the first-in-market provider of settlement services for insurance funds investing in gold. The Bank also improved the intelligent settlement services in the securities and futures markets to underpin the safe and stable operation of the capital market. During the Reporting Period, the Bank's fiduciary clearing volume at the Shanghai Clearing House, the fiduciary settlement volume at the Shanghai Gold Exchange, and the settlement volume in securities, futures and other factor markets ranked at the forefront in the market.

The Bank enriched inter-bank cooperation scenes to jointly serve the real economy. Supporting capital market development, the Bank cooperated with

108 securities companies in third-party depository business, 93 securities companies in margin selling and short selling depository business, and 147 futures companies in bank-futures transfer business, providing settlement and other services for enterprises and individual customers to participate in capital market investment and trading. The Bank continuously strengthened cooperation with the cross-border clearing companies to promote the application and deployment of innovative products in the Cross-border Inter-bank Payment System. As an operating institution of digital RMB, the Bank supported cooperative banks in successfully issuing digital RMB financial bonds, fully leveraging the advantages of digital RMB in enhancing transaction efficiency and reducing transaction costs to facilitate the investment and financing of market entities.

2. *Financial market business*

The Bank utilized a vast range of investment, trading and other means to support the financial needs arising from the major strategies, key sectors and weak links, thereby contributing to high-quality economic and social development.

During the Reporting Period, the Bank was among the first to reach credit derivative transactions with technology-based enterprises as reference entities, launched the inaugural batch of inter-bank borrowings dedicated to supporting green businesses, and was the first to conduct transactions regarding new Hong Kong gold contracts on the Shanghai Gold Exchange as well as other innovative businesses. These achievements maintained our position as an active trading bank in the market.

3. *Custody business*

The Bank continuously enhanced custody services under the three-pillar pension system, with a focus on enhancing the annuity custody service capability for enterprise customers to improve the quality and

BUSINESS REVIEW

coverage of enterprise annuity schemes, thereby advancing the ageing finance. The Bank bolstered custody services for public offering funds by offering custody services for the market's first batch of innovative products such as Floating Management Fee Products, Sci-tech Innovation Composite Index ETF, and Free Cash Flow ETF, thereby contributing to the high-quality development of the public offering fund industry. Leveraging private equity custody business, the Bank utilized comprehensive financial services to support the development of sci-tech innovation enterprises, driving progress in sci-tech finance. The Bank enhanced the efficiency of custody system and mechanism reform, and was approved as a custody and clearing bank for the Southbound Bond Connect. The Bank designed its signature custody service solutions for Cross-border Connect to provide professional, safe and efficient services for the “going global” and “bringing in” of domestic and foreign investors. As at the end of the Reporting Period, the Bank's scale of assets under custody reached RMB16.84 trillion.

(V) Universal Banking Services

- ◆ The Group has established a development pattern with commercial banking as the main body, in close coordination and connection with other financial services including financial leasing, fund management, wealth management, trust, insurance, overseas securities and debt-to-equity swap, so as to provide comprehensive financial services for customers.
- ◆ During the Reporting Period, the Bank's subsidiaries¹ earned a net profit attributable to shareholders of the parent company of RMB4.561 billion, representing 9.91% of the Group's net profit. As at the end of the Reporting Period, total assets of the subsidiaries stood at RMB784.731 billion, representing 5.08% of the Group's total assets.

Bank of Communications Financial Leasing Co., Ltd. As the Bank's wholly owned subsidiary, the company was set up in December 2007 with a registered capital of RMB20.0 billion. The main business scope includes financing leasing and operating leasing in sectors such as aviation, shipping and energy power, transportation infrastructure, equipment manufacturing and livelihood services. The company is the Chief Administration Unit of the China Banking Association's (CBA) Financial Leasing Committee as well as the Chief Administration Unit of the Shanghai Banking Association's Financial Leasing Committee. The company adhered to the development strategy of “specialization, internationalization, differentiation and specialization”, and deepened its efforts in shipping, aviation, equipment leasing and other business sectors. As at the end of the Reporting Period, total assets were RMB467.954 billion, and the balance of leasing assets was RMB410.748 billion. The balance of net assets was RMB51.14 billion. The company owned and managed 479 ships. The balance of aircraft charter assets amounted to RMB166.37 billion. The company was the largest leasing company in the domestic merchant fleet. The company also had a fleet of 310 planes and a balance of aviation leasing assets amounting to RMB99.037 billion. During the Reporting Period, the company generated operating income of RMB16.779 billion, representing a year-on-year increase of 11.09%; and net profit was RMB2.322 billion, representing a year-on-year increase of 8.19%. The Bank received a total of 16 prestigious awards, among which the case titled “Proactively Serving National Strategies and Telling China's Financial Stories Well” was selected as Case of the Year – Brand Communication under the Outstanding Brand Case of the Year – Financial Industry.

¹ Excluding Bank of Communications (Luxembourg) S.A., Bank of Communications (Brazil) Co., Ltd. and Bank of Communications (Hong Kong) Limited, same applies hereinafter.

BUSINESS REVIEW

During the Reporting Period, the company continued to pursue transformation and innovation. The company invested RMB20.103 billion in new infrastructure and new energy leasing business, accounting for nearly 70% of investment in equipment leasing business. The company launched its first power battery operating lease project and established its first power battery asset management system, achieving battery-vehicle-fleet multi-scene data monitoring and management. It substantively supported high-level self-reliance and strength in science and technology, with an investment of RMB5.776 billion in technology leasing business, accounting for nearly 20% of the investment in equipment leasing business. The company served 53 technology-based enterprise customers. The company actively served the strategy of building China's strength in manufacturing. As at the end of the Reporting Period, the balance of leasing assets in the manufacturing industry amounted to RMB31.887 billion, accounting for approximately 22% of the balance of equipment leasing assets. The company spearheaded the "China Intelligent Manufacturing • Financial Empowerment – C919/C909 Global Promotion and Financial Solution Exchange Conference" to support building China's strength in aviation. The company continuously deepened transformation and innovation, and maintained industry leadership with operating lease assets accounting for 51.80% and direct lease business accounting for 57.96% as at the end of the Reporting Period.

During the Reporting Period, the company facilitated RMB23.109 billion in collaborative financing with 25 provincial branches of the Bank. It executed the first "Digital Chain Financial Leasing" business within the Group with the Shanghai Branch of the Bank, effectively building a three-dimensional collaborative system through "technology empowerment of

the Head Office+ scene outreach of branches + professional services of subsidiaries" to deeply integrate sci-tech finance and inclusive finance within leasing scenes, and create a new model of bank-leasing collaboration. The company jointly launched its first zero-carbon hydrogen/ammonia project leasing business with the Shanghai Branch of the Bank. This project represents the world's largest integrated green power-to-hydrogen/ammonia demonstration facility. This project employs an off-grid production model for green hydrogen and green ammonia products, with all indicators rigorously compliant with the EU REDII certification standards, reaching the international leading level in terms of low-carbon environmental attributes.

Bank of Communications International Trust Co., Ltd. The company was set up in October 2007 with a registered capital of RMB5.765 billion, of which the Bank and Hubei Provincial Communications Investment Group Co., Ltd. contributed 85% and 15% shares, respectively. The main business scope includes trust loans, equity investment trusts, securities investment trusts, credit asset securitization, corporate asset securitization, qualified domestic institutional investor (QDII), family trusts, charitable trusts, etc. During the Reporting Period, the company adhered to the principle of stability, took the strategic goal of creating "the most trustworthy first-class trust company", actively served the real economy, accelerated the transformation and development, and deepened the synergy of the Group. As at the end of the Reporting Period, the total assets were RMB21.122 billion, the net assets were RMB17.249 billion and the trust assets under management of the company amounted to RMB644.4 billion, representing a year-on-year increase of 7.05%. The company's net profit was RMB398 million during the Reporting Period.

BUSINESS REVIEW

During the Reporting Period, the company earnestly implemented the regulatory policy requirements by comprehensively utilizing trust loans, bond investments, equity investments, and service trusts. Efforts were made to continuously expand investment in sci-tech innovation bonds and green bonds, complete the fundraising for the Jiaoying HuiXin Fund, and actively cultivate patient capital for sci-tech innovation. Returning to its fundamental purpose, the company leveraged the advantages of the trust system and functions to establish 95 family service trusts, execute 65 elderly care service trusts, and set up 10 public welfare and charity trusts. These initiatives provided care and support for rural revitalization, elderly care and child assistance, education and medical care.

Bank of Communications Schroder Fund Management Co., Ltd. The company was set up in August 2005 with a registered capital of RMB200 million. It was jointly contributed by the Bank, Schroder Investment Management Limited and China International Marine Containers (Group) Co., Ltd., with the shares accounting for 65%, 30% and 5%, respectively. The primary businesses include fund raising, fund sales and asset management. The company resolutely implemented the decisions and deployments of the CPC Central Committee and regulatory authorities regarding “vigorously promoting the entry of medium and long-term funds into the capital market” and “vigorously developing equity-based public offering funds”. As at the end of the Reporting Period, the company yielded a total of 76 active funds with equity assets, with an aggregate AUM of RMB99.2 billion, accounting for 39% of the total size of non-money funds. As at the end of the Reporting Period, the company had total assets of RMB8.430 billion, and net assets of RMB7.216 billion, the AUM of public offering funds of RMB498.2 billion. During the Reporting Period, the company yielded a net profit of RMB409 million.

During the Reporting Period, pursuant to the requirements of the *Action Plan for Promoting the High-Quality Development of Public Offering Funds* regarding practicing long-term investment concepts and strengthening the stability of investment behaviors, the company prioritized investor needs by positioning as a main provider of “stable” fund products. The company was committed to building a core competitiveness of “controllable risks, predictable returns, and long-term development”, promoting the co-construction and co-prosperity of its professional value and investor wealth growth, and achieving steady and long-term development.

BOCOM Wealth Management Co., Ltd. As a wholly-owned subsidiary of the Bank, the company was set up in June 2019 with a registered capital of RMB8.0 billion. It primarily issues wealth management products of fixed income, equity, commodities, financial derivatives and hybrid categories to customers. During the Reporting Period, the company adhered to the customer-centric principles and established an open and diversified omni-channel system with the Bank as the main body. The company continuously developed a product line with low volatility, stability and strong predictability, aiming to create stable and sustainable value returns for investors. As at the end of the Reporting Period, the balance of wealth management products managed by the company increased by 5.15% from the end of the previous year to RMB1,701.318 billion. The company’s total assets and net assets were RMB15.457 billion and RMB14.794 billion, respectively. The company’s net profit during the Reporting Period was RMB773 million, representing a year-on-year increase of 8.73%.

BUSINESS REVIEW

During the Reporting Period, the company adhered to the “dual drive” of assets and liabilities. It concentrated on improving product performance and investment capabilities, accelerated digital transformation, and strictly controlled risks to assist the Group in building a wealth finance characteristic. The company successively won multiple awards such as the Golden Toad Award, Jiefu Award, and Golden Honour Award. The “Books Bring Light” and the “Full-process Management Case of BOCOM Wealth Management Reputation Risk” were selected as the “Seventh Session of Outstanding Brand Cases of the Year in Finance Industry” rated by China Finance Magazine.

BOCOM MSIG Life Insurance Company Limited.

The company was set up in January 2010 with a registered capital of RMB5.1 billion, of which the Bank and the MS&AD Insurance Group hold 62.50% and 37.50% shares, respectively. The business scope includes life insurance, health insurance, accident insurance and reinsurance businesses of the aforementioned insurances in Shanghai as well as regions where its branches were established. As at the end of the Reporting Period, the company’s total assets and net assets were RMB168.991 billion and RMB9.378 billion, respectively. During the Reporting Period, the company focused on its main business – insurance – actively responded to market demands, and accelerated product upgrades and business transformation, and achieved a cumulative income of RMB1.412 billion from insurance services, representing a year-on-year increase of 13.06%. Meanwhile, operating revenue was RMB4.223 billion, representing an increase of 21.17% year-on-year; and net profit was RMB636 million, representing a decrease of 19.29% year-on-year.

During the Reporting Period, the company leveraged its insurance expertise to strengthen the bank-corporate strategic synergy, and deepened the business features of “inclusive finance, ageing finance, and wealth finance”. In terms of inclusive finance, the company expanded both the breadth and depth of inclusive insurance coverage by participating in the “Hu Hui Bao” (a Shanghai-customized commercial supplementary medicare insurance product) co-insurance plan, a city-customized commercial medical insurance initiative, for the third consecutive year. The number of people covered by inclusive insurance reached 211,000 as at the end of the period. In terms of ageing finance, the company improved commercial insurance annuities and other product system, and expanded the product offerings of personal pension insurance. The number of existing pension insurance policies reached 64,860 as at the end of the Reporting Period, with a scale of RMB13.136 billion. In terms of wealth finance, the company leveraged insurance funds and insurance fund trusts to consolidate the bank-corporate long-term cooperation mechanism, optimized the high-end customer service brand, and strengthened the professional team building, as a way to meet the one-stop service needs of customers within the Group.

BOCOM Financial Asset Investment Co., Ltd.

As a wholly-owned subsidiary of the Bank, it was set up in December 2017 with a registered capital of RMB15.0 billion. As one of the first pilot banks to implement debt-to-equity swap as determined by the State Council, it is mainly engaged in debt-to-equity swap and supporting services. As at the end of the Reporting Period, the company’s total assets and net assets were RMB74.564 billion and RMB26.574 billion, respectively. During the Reporting Period, the company realized a net profit on the books of RMB532 million, representing a year-on-year decrease of 64.45%.

BUSINESS REVIEW

During the Reporting Period, the company closely followed the guidance of the “14th Five-Year Plan” of the Group, leveraging the functional advantages of equity investment, and strengthening the capability and mechanism foundation of sci-tech finance services to assist the entire Bank in developing sci-tech finance characteristics. The company focused on sci-tech finance, green finance, and supporting the private economy, and supported the sound development of the real economy. The company optimized the collaborative service mechanism to strengthen the business connection with branches, and established a bidirectional engagement model featuring project referrals by branches and project execution by the company, enabling horizontal communication, synchronized advancement, and integrated development. The company actively enhanced the presence of a Shanghai-based bank, and consolidated the efficiency of serving the real economy. During the Reporting Period, the company additionally invested RMB5.292 billion in manufacturing industry, accounting for 99.63% of the investment in the first half of the year. The linked investment scale of the company reached RMB7.588 billion, achieving a group-linked income of RMB57 million, maintaining a relatively high level. As at the end of the Reporting Period, the company had set up 41 funds through its subsidiary, BOCOM Capital Management Co., Ltd. with a contribution scale of RMB26.260 billion, representing an increase of 41.72%, further enhancing the development momentum of equity investment business.

BOCOM International Holdings Company Limited. The company was set up in June 1998 (formerly known as Communications Securities Co., Ltd. It changed its name to BOCOM International Holdings Company Limited in May 2007). It was listed on the main board of Hong Kong Stock Exchange on 19 May 2017. The main businesses include securities brokerage and margin financing, corporate financing and underwriting, asset management and consulting, investment and loan. As at the end of the Reporting Period, the Bank contributed 73.14% shares of the company. During the Reporting Period, the company focused its main business and responsibilities, endeavored to reduce operating losses and continuously promoted the transformation of its operating structure. At the end of the Reporting Period, the company had total assets of HKD16.809 billion and net assets of HKD801 million. During the Reporting Period, the company’s loss decreased year-on-year, with a net loss of HKD283 million.

China BOCOM Insurance Co., Ltd. As a wholly-owned subsidiary of the Bank, it was set up in November 2000 with a registered capital of HKD400 million. The main business includes the operation of 17 types of general insurances approved by the Insurance Authority of Hong Kong. At the end of the Reporting Period, the company had total assets of HKD1.241 billion and net assets of HKD583 million. During the Reporting Period, the company realized a net profit of HKD9.15 million, representing a year-on-year decrease of 15%.

BUSINESS REVIEW

The company worked closely with the Group to promote the high-quality development of the principle insurance business. It actively met the risk guarantee needs of Hong Kong residents in residence, travel, and medical care, provided property insurance and liability insurance for public hospitals, communities, and schools, and offered commercial comprehensive insurance coverage to small and medium-sized enterprises in the real economy. The company continuously supported insurance coverage in offshore wind power, new energy vehicles, and photovoltaics; cooperated with the insurance peers in the Chinese mainland to provide personal accident insurance coverage for the elderly in China; actively participated in various activities of the Hong Kong Chinese Insurance Association Limited and the Hong Kong Federation of Insurers, and deeply discussed topics such as innovative technology, low-altitude economy, southbound travel for Guangdong vehicles, cross-border insurance, and climate risk, making positive contributions to the construction of Hong Kong as an international risk management center.

(VI) Global Service Capabilities

- ◆ The Group formed an overseas operating network covering major international financial centers, spanning across five continents, with 24 overseas branches (subsidiaries) and representative offices, and 67 overseas operating outlets.
- ◆ During the Reporting Period, the net profit of overseas banking institutions amounted to RMB6.152 billion, accounting for 13.37% of the Group's net profit. As at the end of the Reporting Period, the total assets of overseas banking institutions amounted to RMB1,263.561 billion, accounting for 8.19% of the Group's total assets.

1. Internationalization development

The Group actively responded to changes in internal and external situations, steadily and orderly conducted operation and management, continuously optimized the development structure, and coordinated development and security. The overseas banking institutions of BOCOM leveraged their geographical advantages, refined their functional positioning, provided financial support for Chinese enterprises going global in line with the national strategy, actively built financial bridges connecting the domestic and international markets, and continuously improved the cross-border financial service system to promote high-quality Belt and Road construction and serve high-level opening-up.

2. International settlement and trade finance

The Bank actively supported stabilizing foreign trade and foreign investment. For foreign trade customers, the BOCOM Shipping-Trade Through platform was launched, featuring a dual-interface mode of "visitor version + account holder version" to build a new ecosystem of cross-border financial services, effectively promoting the leapfrog development of service quality and efficiency for small and medium-sized foreign trade enterprises. Differentiated financial service solutions were provided to match the foreign trade characteristics of inclusive finance customers, supporting the financing and exchange rate risk management needs of small and micro foreign trade enterprise customers. During the Reporting Period, the business volume of foreign-related letters of guarantee to countries and regions along the Belt and Road increased by 24.47% year on year.

BUSINESS REVIEW

The Bank enhanced the capability of scene-based financial services. The “Shipping Manager” (COSCO version) was launched, leveraging the “Bank-Enterprise Payment” interface to establish invoice data exchange with COSCO Shipping Lines, achieving the industry’s first cross-bank, fully-automated, and non-landing foreign currency remittance. The “Smart Forex Express” scene-based financial solution was developed, offering a package of services including automated declaration, invoice matching, exchange rate management, and financing support. A total of 15 cross-border/domestic industrial chain collaboration projects were implemented, with the business volume surging by 54.32% year-on-year, efficiently meeting the centralized and automated financial management needs of key customers in trade finance. During the Reporting Period, the Bank’s international settlement volume was USD299.965 billion, increasing by 24.38% year-on-year.

3. Overseas service network

The layout of offshore service network was progressing steadily. As at the end of the Reporting Period, the Group had 24 overseas branches and representative offices in Hong Kong, New York, London, Singapore, Tokyo, Frankfurt, Luxembourg and Sydney, etc., with 67 overseas operating outlets (excluding representative offices) providing customers with comprehensive financial services including deposits, loans, international settlements, trade finance and foreign exchange, etc. As at the end of the Reporting Period, the Bank had established an overseas service network with the head offices of 1,093 banks in 133 countries and regions, and opened 176 cross-border RMB accounts for 93 overseas RMB participating banks in 30 countries and regions. A total of 114 foreign currency clearing accounts in 29 currencies were opened in 67 banks in 32 countries and regions.

4. Cross-border RMB business

The Bank steadily, prudently and solidly promoted the internationalization of RMB. The Bank, as one of the first pilot banks, launched the cross-border payment connect business, which broadened the application of RMB in cross-border scenes and enhanced the cross-border RMB remittance experience between the Chinese mainland and Hong Kong. The Hong Kong Branch of BOCOM was among the first to implement the RMB Trade Financing Liquidity Facility (RMB TFLF) borrowing business, a significant measure by the People’s Bank of China and the Hong Kong Monetary Authority to deepen financial cooperation between the Chinese mainland and Hong Kong. During the Reporting Period, the cross-border RMB settlement volume of domestic banking institutions was RMB1.37 trillion, increasing by 56.65% year-on-year.

The Bank actively served the construction of free trade zone. The Bank continuously advanced the construction of a “investors + underwriters + trustees + clearing banks + settlement banks” five in one FTZ offshore bond comprehensive financial service system, maintaining its top market ranking in the clearing market. It progressed in building the Free Trade Accounting Unit (FTU) and actively participated in expanding the scope of free trade account services.

5. Offshore service

The Group deepened the integrated development of offshore and onshore business and the integrated operation of non-resident accounts, and fully tapped the business potential of the Yangtze River Delta integration and the new Lingang area of the Shanghai Free Trade Zone. At the end of the Reporting Period, the asset balance of offshore business amounted to USD13.719 billion.

BUSINESS REVIEW

(VII) Channel Construction and Operation

- ◆ The Bank enhanced its digital operation capabilities by taking the customer perspective as both the entry point and the foundation. Leveraging technologies such as AI and big data, the Bank strengthened its data-driven business decision-making and resource allocation capabilities, while building an integrated online-offline service system to continuously improve the inclusiveness, convenience, and accessibility of financial services.

1. Corporate online banking and corporate mobile banking

The Bank expanded the corporate e-channel basic services, and improved the assembly and iteration efficiency to respond quickly to the market. The Bank successively rolled out specialized versions of corporate online banking and corporate mobile banking for offshore, fiscal and inclusive finance sectors. As at the end of the Reporting Period, the number of contracted customers of corporate online banking (bank-corporate direct link) increased by 4.96% from the end of the previous year. During the Reporting Period, the number of customers that conducted trades increased by 6.85% on a year-on-year basis; the number of contracted customers of corporate mobile banking increased by 5.33% from the end of the previous year. During the Reporting Period, the cumulative transaction volume increased by 11.64% on a year-on-year basis, and the number of customers that conducted trades increased by 2.15% on a year-on-year basis.

2. Personal mobile banking

The Bank continuously optimized mobile financial services with an aim to make it more inclusive, simple and easy to use. It was among the first in the industry to pilot the launch of cross-border payment connect services, enabling convenient online operations. It was also the first in the industry to introduce non-real-time insurance purchase services on mobile banking, moving more insurance purchase services that were originally handled at the counter to the online platform to breaking through the time limit of traditional counter services. It launched a one-click credit assessment function for small and micro enterprises, improving the quality and efficiency of inclusive financial services. As at the end of the Reporting Period, the number of monthly active users (MAU) of personal mobile banking totaled 49.1228 million, representing a year-on-year increase of 8.63%.

3. Go Pay APP

Guided by the vision of a “Better Life”, the Bank continued to refine its online services and scene offerings, striving to create a one-stop digital service platform that integrates both financial and lifestyle services. The Bank actively implemented the national strategies and policies to boost consumption. It launched the “State Subsidies Zone” on the Go Pay APP, covering multiple categories such as home appliances, digital products, home decoration and furniture to promote consumption with a “state + bank” dual-subsidy mechanism. Capitalizing on cultural tourism consumption trends, the Bank developed localized cultural tourism scenes on the Go Pay APP. It introduced high-quality resources such as local tourism annual card, ticket and hotel benefits to establish an online cultural tourism ecosystem integrating dining, accommodation, sightseeing, shopping and entertainment”. This activated the cultural tourism consumption potential

BUSINESS REVIEW

of credit card users. By virtue of the business characteristics and advantages of branches, the Bank actively expanded the interest-free installment business for merchants. The Bank built a more complete “finance + life” service ecosystem, and improved the quality and expanded the scale of consumption by introducing high-frequency life services such as music and audiobook recharges. As at the end of the Reporting Period, the cumulative number of customers who bundled their cards with the Go Pay APP reached 80.4867 million, and the number of MAU reached 26.5997 million.

4. *Open banking*

The Bank deepened the development of open banking ecosystem by pioneering a new G-B-C synergy model in “platform economy and cross-border trade”. The Bank built a comprehensive service solution integrating accounts, factoring, guarantees, bills, letters of credit and other products based on scene demands, providing settlement and financing services to core enterprises, upstream suppliers, downstream distributors and end users. Through the online chain financial services of open banking, the Bank issued a financing amount of RMB143.564 billion, representing a year-on-year increase of 6.32%. It accelerated the cultivation of new drivers of foreign trade such as cross-border e-commerce and smart freight trains, and innovated the supply of digital cross-border settlement products, achieving a transaction volume of RMB28.469 billion through open banking in the current year. The Bank built a financial ecosystem cloud service matrix, comprising five service solutions, namely digital intelligent government affairs, digital intelligent micro and small enterprises, digital intelligent parks, digital intelligent livelihood and digital intelligent sci-tech innovation, with a total of 15 cloud services launched and 80,100 institutions signed up.

5. *BOCOM On-cloud*

During the year, the Bank continuously promoted its “BOCOM On-cloud” brand and pursued innovation in the application of audio and video technologies, as well as AI technologies. By offering screen-to-screen online services, the Bank enabled the development of online institutions, employees, services, and products, breaking through the physical and temporal barriers of traditional banking business. The Bank developed an innovative model for new banking services and improved the availability of and satisfaction offered by financial services. During the Reporting Period, the BOCOM On-cloud remote video outlet provided 1.29 million services, reflecting growth of 90.86% from the previous year.

The Bank also improved the featured services of new media channels such as “BOCOM” WeChat Mini Program, “BOCOM Loans” WeChat Mini Program and BOCOM On-cloud to strengthen cross-channel collaboration. As at the end of the Reporting Period, customers served by “BOCOM” WeChat Mini Program increased by 11.91% from the end of the previous year to 54.4717 million; customers served by “BOCOM Loans” WeChat Mini Program increased by 26.36% from the end of the previous year to 10.8283 million; customers served by BOCOM On-cloud amounted to 10.7055 million, representing an increase of 9.41% from the end of last year.

BUSINESS REVIEW

6. *Digital operation*

Seizing new opportunities brought by digital technologies reshaping the financial services landscape, the Bank further advanced the application of big data, artificial intelligence, and other emerging technologies in retail customer operations. It established a digital intelligence-based operating model for managing core customer groups. By the end of the Reporting Period, the average daily balance of AUM for core customer groups increased by 8.66% year-on-year, while product holdings grew by 10.39% year-on-year. Through proactive credit granting based on risk control models, the Bank enhanced the precision and effectiveness of its direct-to-customer online services, upgrading its service model from “passive waiting” to “proactive engagement”. A unified retail risk characteristic variable library was developed, improving risk modeling efficiency by nearly 50%. An intelligent risk control system for online transaction channel was established. By building AI models and rules targeting fraud-related cases, the Bank’s online transaction risk prevention and control framework helped recover more than RMB100 million in customer fraud losses during the Reporting Period.

Business processes were streamlined to enhance service efficiency. The Bank improved the accessibility of personal credit services by fully digitizing the end-to-end loan process – from credit applications, qualification assessments, document submission, and agreement signing to loan disbursement. Customers could obtain comprehensive credit solutions covering multiple products, such as consumer loans and business loans, with a single application. An intelligent operations system was developed by adopting RPA, voice robots, intelligent quality inspection, OCR, and other digital technologies. Human-machine collaboration significantly improved operational efficiency. By the end of the Reporting Period, the

approval efficiency for Huimin Credit applications rose by 63%, while loan disbursement approval efficiency increased by 75%. Actively responding to the trade-in programs policy to support household consumption upgrades in home furnishing and home appliances, the Bank provided customers with one-stop services for browsing, claiming, tracking, and using consumer vouchers via its mobile banking app.

(VIII) FinTech and Digital Transformation

1. *Consolidating digital infrastructure and safety barrier*

The Bank improved the layout of infrastructure, achieving steady progress in the multi-location multi-center construction. It optimized disaster recovery system architecture through intensified real-scene drills to bolster business continuity assurance. The Bank enhanced independent control capabilities by actively advancing core technology breakthroughs, and achieved phase completion of integrating front, middle, and back offices in the financial market business, covering inter-bank lending, repurchases, and bonds. The Bank continuously fortified network and data security safeguards, promoted unified security control and operation across the Group’s network, improved the terminal security protection system, strengthened the integrated data security management of the Group, and enhanced the data security control in key areas such as data transmission, data cooperation, and data download. The Bank also conducted regular data security monitoring.

BUSINESS REVIEW

2. Enhancing the foundation for data governance and the capability in data integration and utilization

The Bank continuously consolidated data foundations by expanding external data sourcing in key businesses, while deepening the governance, integration, and shared application of internal and external data. The Bank provided unified data services, including indicators, tags, and model calculations based on the enterprise-level data middle platform. The Bank continuously refined the enterprise-level data asset catalog, built a data asset landscape, and pioneered a data analysis intelligent agent powered by large models to promote visualized data retrieval and intelligent data usage.

3. Enhancing service quality and efficiency of technology empowerment in key areas

The Bank accelerated the “AI +” initiatives, advanced the end-to-end application in key areas such as sci-tech and inclusive finance, cross-border finance, credit risk, operation and customer service under the “1+1+N” AI construction framework and through a “one thing” mindset. The Bank enhanced human-machine collaboration, and developed financial intelligent agents to further unleash productivity. The Bank deepened system integration and innovative reform thinking. Efforts were made to integrate high-frequency cross-border financial service scenes such as cross-border settlement and foreign exchange settlement and sales. The Bank launched the “BOCOM Shipping-Trade” platform, and innovated a fully online trade financing model for bulk commodities, delivering second-level financial support to better serve the dual circulation of domestic and foreign trade. The Bank expanded and improved the efficiency of “proactive credit granting” to explore potential customer demands and optimize customer and product matching. This enhanced the online, batch and credit-based levels of credit products. Driven by traditional and innovative payments, the Bank deepened the construction of payment scenes, iteratively optimized payment and settlement products such as “Cloud Inter-bank” and “Treasury”, and innovated cross-border payment connect services to bring a new experience of “zero distance” and “instant access” to customers in both Chinese mainland and Hong Kong.

RISK MANAGEMENT

III. RISK MANAGEMENT

The Board of Directors of the Bank established the overall risk appetite of “Stability, Balance, Compliance and Innovation” for the Bank and further set specific indicators of risk limits against various risks including credit risks, market risks, operational risks, liquidity risks, bank book interest rate risks, information technology risks and sovereign risks to exercise strict control over various risk types. During the Reporting Period, the Group consistently adhered to the bottom-line thinking, achieved the coordination between development and safety, promoted the modernization construction of risk management system and governance capability, properly controlled and consolidated asset quality, promoted the unified risk management of the Group, enhanced the total risk management capability, continuously promoted the digital transformation of risk management, and promoted the high-quality development of the entire Bank with high-quality risk management.

(I) Risk Management Framework

The Board of Directors of the Bank assumes ultimate responsibility and the highest decision-making authority in respect of risk management, and it leans the Bank’s risk conditions through the subordinate Risk Management and Related-Party Transaction Control Committee. At the senior management level, the Bank has established Total Risk Management and Internal Control Committee, and two business review committees, namely, Credit Review Committee and Risk Asset Review Committee. The business review committees are guided by and report regularly to the Total Risk Management and Internal Control Committee. Based on the aforementioned framework, every tier-1 domestic branch, overseas branch and subsidiary company has established its own Total Risk Management and Internal Control Committee, which serves as the main body for studying how to prevent and control the Group’s systematic and regional risks and support risk management decision-making on major issues. In this way, a Total Risk Management System is rolled out within the entire Group.

(II) Risk Management Tools

The Bank continued to promote the digitalization process of risk management. Being market-oriented, customer-oriented and grassroots-oriented, the Bank focused on the current “new requirements for internal management, new situations for external supervision, and new breakthroughs in technology application”, and remained committed to building a full-process and full-coverage digital risk management system, building a solid bank-wide risk database, improving enterprise-level risk management applications, strengthening the sharing and reuse of risk control capabilities, exploring the application scenes of AI technology in risk management to continuously improve the effectiveness of risk management. During the Reporting Period, the Bank leveraged the important role of the Risk Measurement Center, strengthened the supply of measurement models in strategic areas, built a unified model management system, advanced the construction of risk monitoring systems, and continuously improved the risk measurement and monitoring capabilities of the entire Group to support high-quality business development. The Bank continuously improved the work related to new capital regulations in accordance with regulatory requirements.

RISK MANAGEMENT

(III) Credit Risk Management

During the Reporting Period, the Bank continued to strengthen credit risk management, actively served the real economy, optimized the structure of credit assets, supported the development of new quality productive forces, and exercised effective risk prevention and control in key areas such as real estate and local debt. The Bank continuously improved its credit policy framework system; actively implemented major national strategies and regulatory requirements; and enhanced credit and risk policies, industry credit policies, and regional credit policies. We continuously improved the degree to which credit processes are online and automated, used digital risk management to optimize the entire credit process, continuously enhanced the quality and efficiency of loan management, and maintained credit investigation compliance. Meanwhile, we strengthened the quality and efficiency of our “four early” risk management, and strictly classified asset risks to ensure that asset quality is stable and being steadily improved.

The Bank strengthened risk identification and prompted risk disposal. The business accountability mechanism for granting credit to key customers was continuously enhanced, with the approval procedures for the credit business being continuously strengthened; the digital and intelligent development of post-loan (post investment) management and risk monitoring were continuously advanced, with the purpose of upgrading the system tools. Credit risk screening and management in key areas were continuously strengthened. The Bank continued intensification of the collection of non-performing assets. During the Reporting Period, the Bank fully utilized its professional disposal capabilities and carried forward the of risk project disposals in a steady and orderly manner. The Bank disposed of a total of RMB37.83 billion of non-performing loans, representing a year-on-year increase of 27.9%, among which the cash or cash-equivalent recoveries amounted to RMB20.37 billion, representing a year-on-year increase of 54.3%, with an improved amount and efficiency in non-performing loan recovery and disposal.

The Bank adheres to the regulatory requirements and maintains stringent asset risk classification standards. The foundation of asset quality has been continuously strengthened and the level of asset quality has improved steadily. At the end of the Reporting Period, the Group’s non-performing loan balance amounted to RMB115.036 billion and the non-performing loan ratio was 1.28%, representing an increase of RMB3.359 billion and a decrease of 0.03 percentage point respectively, from the end of the previous year; and the overdue loan ratio experienced an increase from the end of the previous year. The Group adopts prudent classification criteria for overdue loans. The 60-day+ overdue corporate loans extended by domestic branches have been all included in non-performing loans, and all the 90-day+ overdue loans have been included in non-performing loans, representing 78.82% of non-performing loans.

RISK MANAGEMENT

Distribution of loans by 5-category classification standards

(in millions of RMB unless otherwise stated)

	30 June 2025		31 December 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Pass	8,740,366	97.13	8,309,109	97.12	7,731,141	97.16
Special mention	143,097	1.59	134,336	1.57	120,256	1.51
Total performing loans	8,883,463	98.72	8,443,445	98.69	7,851,397	98.67
Sub-standard	25,388	0.28	31,100	0.37	28,523	0.36
Doubtful	27,870	0.31	24,066	0.28	32,383	0.41
Loss	61,778	0.69	56,511	0.66	44,782	0.56
Total non-performing loans	115,036	1.28	111,677	1.31	105,688	1.33
Total	8,998,499	100.00	8,555,122	100.00	7,957,085	100.00

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	30 June 2025				31 December 2024			
	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)
Corporate loans	100,662	1.70	62,455	1.05	92,705	1.67	59,266	1.06
Personal loans	42,435	1.50	64,632	2.28	41,631	1.51	58,821	2.14
Mortgage	14,344	0.98	18,875	1.28	14,266	0.97	17,535	1.20
Credit cards	22,285	4.18	29,564	5.55	22,958	4.26	28,522	5.30
Personal business loans	2,940	0.67	8,417	1.92	2,175	0.53	6,871	1.66
Personal consumption loans and others	2,866	0.74	7,776	2.00	2,232	0.67	5,893	1.77
Discounted bills	0	0.00	15	0.01	0	0.00	11	0.00
Total	143,097	1.59	127,102	1.41	134,336	1.57	118,098	1.38

The balance of corporate overdue loan was RMB62.455 billion, increasing by RMB3.189 billion from the end of the previous year. The corporate overdue loan ratio was 1.05%, down 0.01 percentage point from the end of the previous year. The balance of personal overdue loan was RMB64.632 billion, increasing by RMB5.811 billion from the end of the previous year. The personal overdue loan ratio was 2.28%, up 0.14 percentage point from the end of the previous year.

RISK MANAGEMENT

Distribution of loans and non-performing loans by business type*(in millions of RMB unless otherwise stated)*

	30 June 2025				31 December 2024			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Corporate loans	5,931,365	65.92	77,183	1.30	5,566,578	65.07	81,838	1.47
Personal loans	2,830,359	31.45	37,838	1.34	2,752,406	32.17	29,827	1.08
Mortgage	1,469,583	16.33	11,027	0.75	1,466,604	17.14	8,509	0.58
Credit cards	532,699	5.92	15,829	2.97	538,404	6.29	12,590	2.34
Personal business loans	439,055	4.88	5,965	1.36	413,626	4.83	4,986	1.21
Personal consumption loans and others	389,022	4.32	5,017	1.29	333,772	3.91	3,742	1.12
Discounted bills	236,775	2.63	15	0.01	236,138	2.76	12	0.01
Total	8,998,499	100.00	115,036	1.28	8,555,122	100.00	111,677	1.31

Distribution of loans and non-performing loans by industry*(in millions of RMB unless otherwise stated)*

	30 June 2025				31 December 2024			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Corporate loans	5,931,365	65.92	77,183	1.30	5,566,578	65.07	81,838	1.47
Transportation, storage and postal services	1,023,329	11.37	3,204	0.31	985,091	11.50	3,179	0.32
Manufacturing	1,147,914	12.76	15,747	1.37	1,053,309	12.31	15,068	1.43
Leasing and commercial services	1,028,893	11.43	6,020	0.59	948,410	11.09	6,754	0.71
Real estate	536,140	5.96	23,148	4.32	527,675	6.17	25,612	4.85
Water conservancy, environmental and other public facilities	459,105	5.10	2,863	0.62	467,212	5.46	2,816	0.60
Production and supply of electric power, heat, gas and water	481,710	5.35	1,552	0.32	456,439	5.34	2,675	0.59
Wholesale and retail trade	329,993	3.67	8,671	2.63	289,006	3.38	8,576	2.97
Construction	238,014	2.65	2,865	1.20	210,582	2.46	2,482	1.18
Finance	165,198	1.84	47	0.03	144,878	1.69	1,081	0.75
Education, science, culture and public health	170,493	1.89	4,702	2.76	151,490	1.77	4,641	3.06
Mining	132,658	1.47	894	0.67	123,059	1.44	986	0.80
Others	70,255	0.78	550	0.78	86,090	1.01	654	0.76
Information transmission, software and information technology services	105,736	1.18	1,663	1.57	89,510	1.05	1,697	1.90
Accommodation and catering	41,927	0.47	5,257	12.54	33,827	0.40	5,617	16.61
Personal loans	2,830,359	31.45	37,838	1.34	2,752,406	32.17	29,827	1.08
Discounted bills	236,775	2.63	15	0.01	236,138	2.76	12	0.01
Total	8,998,499	100.00	115,036	1.28	8,555,122	100.00	111,677	1.31

RISK MANAGEMENT

Distribution of loans and non-performing loans by region

(in millions of RMB unless otherwise stated)

	30 June 2025				31 December 2024			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Yangtze River Delta	2,599,568	28.89	26,005	1.00	2,432,084	28.43	24,213	1.00
Pearl River Delta	1,203,302	13.37	15,399	1.28	1,115,864	13.04	14,704	1.32
Bohai Rim Economic Zone	1,449,640	16.11	14,935	1.03	1,406,292	16.44	14,279	1.02
Central China	1,449,256	16.11	14,881	1.03	1,370,600	16.03	14,535	1.06
Western China	1,092,830	12.14	8,995	0.82	1,024,200	11.97	8,989	0.88
North Eastern China	285,656	3.18	7,573	2.65	274,860	3.21	8,902	3.24
Overseas	330,493	3.67	11,412	3.45	329,666	3.85	13,459	4.08
Head Office	587,754	6.53	15,836	2.69	601,556	7.03	12,596	2.09
Total	8,998,499	100.00	115,036	1.28	8,555,122	100.00	111,677	1.31

Note: Head Office included the Pacific Credit Card Center.

The Group implements differentiated one-policy-for-one-branch management based on regional economic traits and adjusts branches' business authority dynamically.

Overdue loans and advances

(in millions of RMB unless otherwise stated)

Overdue period	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 3 months	36,429	0.40	42,389	0.50
3 months to 1 year	45,068	0.50	35,685	0.42
1 to 3 years	35,298	0.39	31,131	0.36
Over 3 years	10,307	0.12	8,893	0.10
Total	127,102	1.41	118,098	1.38

As at the end of the Reporting Period, the balance of overdue loans was RMB127.102 billion, increasing by RMB9.004 billion from the end of the previous year. The overdue ratio was 1.41%, representing an increase of 0.03 percentage point from the end of the previous year. The balance of 90-day+ overdue loans was RMB90.673 billion, increasing by RMB14.964 billion from the end of the previous year.

RISK MANAGEMENT

Restructured loans*(in millions of RMB unless otherwise stated)*

	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Restructured loans	74,994	0.83	66,959	0.78
Including: 3-month+ overdue restructured loans	11,267	0.13	7,985	0.09

Note: Calculated pursuant to regulatory standards.

Loan migration rates

(%)	January to June 2025	2024	2023
Migration rate of pass loans	0.60	1.02	1.13
Migration rate of special mention loans	15.74	17.04	24.93
Migration rate of sub-standard loans	62.77	65.85	60.90
Migration rate of doubtful loans	58.50	66.81	65.57

Note: Calculated pursuant to regulatory standards. The data of previous periods has been retroactively adjusted.

Credit risk concentration

As at the end of the Reporting Period, the total loans to the largest single borrower of the Group accounted for 3.77% of the Group's net capital, and the total loans to the top 10 borrowers accounted for 18.44% of the Group's net capital. The information relating to the loans to the top 10 single borrowers as at the end of the Reporting Period is shown below.

(in millions of RMB unless otherwise stated)

30 June 2025			
	Industry	Amount	Percentage of total loans (%)
Customer A	Production and supply of electric power, heat, gas and water	61,000	0.68
Customer B	Production and supply of electric power, heat, gas and water	49,998	0.56
Customer C	Leasing and commercial services	35,000	0.39
Customer D	Transportation, storage and postal services	32,184	0.36
Customer E	Transportation, storage and postal services	28,931	0.32
Customer F	Real estate	23,525	0.26
Customer G	Transportation, storage and postal services	17,293	0.19
Customer H	Transportation, storage and postal services	17,135	0.19
Customer I	Production and supply of electric power, heat, gas and water	16,988	0.19
Customer J	Transportation, storage and postal services	16,709	0.19
Total of top 10 customers		298,763	3.32

RISK MANAGEMENT

(IV) Market Risk Management

Market risk refers to the risk of losses of on-and off-balance sheet business activities of the Bank arising from unfavourable changes in interest rates, exchange rates, commodity prices, share prices and other factors. Interest rate risk and exchange rate risk were the major market risks encountered by the Group during the Reporting Period.

The objective of the Group's market risk management is to proactively identify, measure, monitor, control and report market risks in accordance with the risk appetite determined by the Board of Directors; control market risks within tolerable and reasonable limits through the use of methods and tools such as limit management, risk hedging and risk transfer to achieve a reasonable balance between risk and return.

According to the Administrative Measures for the Capital of Commercial Banks issued by the National Financial Regulatory Administration and its implementation requirements, for market risk capital measurement, the Group uses the standards-based approach; and during the transition period, the non-bank subsidiaries and Brazilian sub-branches are using the simplified standards-based approach. The measurement of market risk capital should cover default risk, general interest rate risk, credit spread risk, stock risk in the transaction book of commercial banks, all-book exchange rate risk and commodity risk. The capital measurement results are applied to limit monitoring, performance appraisal, risk monitoring and analysis, etc.

During the Reporting Period, the Group kept improving the market risk management system, enhanced management policies and procedures, optimized the risk management system, strengthened product management, optimized limit setting, and improved derivatives business risk management. The Group closely monitored financial market fluctuations; strengthened market research and judgement, and risk monitoring and warning; enhanced risk assessment and inspection; and strictly controlled various market risk limits to continuously improve market risk management.

(V) Liquidity Risk Management

Liquidity risk is the risk that occurs when the commercial bank cannot obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfil other payment obligations, or meet other funding needs in the normal course of business. The main factors affecting the liquidity risk include early withdrawal by deposit customers, deferred repayment by loan customers, mismatch of asset and liability structure, difficulty in asset realization, decline in financing capability, etc.

The governance structure of the Group's liquidity risk management includes a decision-making body consisting of the Board of Directors and its Special Committees and Senior Management, a supervisory institution consisting of the Board of Supervisors and the Audit and Supervisory Bureau, and an executive institution consisting of the Finance and Management Department, the Financial Markets Department, the Risk Management Department, the Operations and Channels Management Department, the subsidiaries, branches, and the competent authorities in charge of the head office of the various businesses.

RISK MANAGEMENT

The Group determines its liquidity risk appetite and formulates its liquidity risk management strategies and policies each year based on factors such as its business strategy, business characteristics, financial strength, financing ability, overall risk appetite and market influence.

During the Reporting Period, the Group continued to improve its liquidity risk management system, and flexibly adjusted its liquidity management strategy and business development structure and tempo when appropriate; expanded diversified financing channels, and issued long-term bonds to supplement stable funds, closely monitored liquidity risk indicators, to ensure daily liquidity safety and smooth operation of the indicators. The Group regularly carried out liquidity risk emergency drills, improved the response speed to emergencies and the ability to resolve liquidity risk.

The Group regularly launched stress tests for liquidity risk, in which various factors which may affect liquidity situation were given full consideration and stress scenes were appropriately set up. The results of stress tests showed that the Bank's liquidity risk was within a controllable range under various stress scenes.

As at the end of the Reporting Period, the table below shows the liquidity ratio indicator of the Group:

	Standard value	30 June 2025	31 December 2024	31 December 2023
Liquidity ratios (%)	≥25	77.06	73.34	64.92

Note: Calculated according to the regulatory standard of the NFRA.

The daily average liquidity coverage ratio of the Group during the second quarter of 2025 was 135.38%. In the first quarter of 2025, the quarter-end net stable funding ratio of the Group was 111.64%, and in the second quarter of 2025, the quarter-end net stable funding ratio of the Group was 113.19%, which all met the regulatory requirements. For further information on the Group's liquidity coverage ratio and net stable funding ratio, please refer to the Pillar 3 Report on 30 June 2025 published on the official website of the Bank.

(VI) Operational Risk Management

For operational risk management, the Group adheres to the concept of "internal control first, compliance as the foundation". The Group continuously enhanced operational risk management system in line with regulatory requirements and the nature, scale, and product complexity of our business. The Group strengthened the standardized application of management tools such as operational risk event management, self-assessment, and key indicators, and enhanced the identification, assessment, monitoring, measurement, control, mitigation, and reporting of operational risks to safeguard against potential threats. During the Reporting Period, the Group continuously improved the systems related to operational risk management, optimized the functions of operational risk management system, refined the outsourcing management mechanism, and strengthened business continuity management.

RISK MANAGEMENT

(VII) Legal Compliance and Anti-money Laundering

The Group has established a compliance management system that is appropriate to its scale of operation, business scope and risk level, continuously strengthened its ability to identify, monitor, prevent, control and resolve compliance risks, enhanced the quality and efficiency of compliance management, and effectively ensured lawful and compliant operation and high-quality development. During the Reporting Period, the Company further improved the internal control and compliance management system, strengthened internal control and compliance inspection and rectification of problems, optimized the evaluation and accountability mechanism of internal control and compliance, continuously consolidated the internal control and compliance culture, and promoted the digital transformation of internal control and compliance. The Company also deeply promoted the reform of the anti-money laundering system and mechanism, improved the quality and efficiency of the anti-money laundering customer due diligence, and enhanced the Group's integrated management.

(VIII) Reputation Risk Management

The Group strictly adhered to regulatory requirements and a management strategy characterized by prevention, effective disposal, timely repair and comprehensive coverage. The Group strengthened whole-process management and normalization construction, improved and optimized the Group's long-term reputational risk management mechanism, strengthened the reputational risk management of overseas institutions, prevented and defused reputational risks, and actively maintained the Group's reputation and market image. During the Reporting Period, the reputational risk management system operated effectively, and reputational risk was properly managed and controlled.

(IX) Cross-Industry, Cross-Border and Sovereign Risk Management

The Group has established a cross-industry and cross-border risk management system with "unified management, clear division of labor, complete tools, IT support, risk quantification and substantial consolidation", and the risk management of its subsidiaries and offshore banks takes into account the unified requirements of the Group and the special requirements of their respective supervisory authorities, so as to prevent the risks that may arise from cross-industry and cross-border operations. During the Reporting Period, in response to the uncertainties brought about by changes in the external situation, the risk management of overseas institutions was strengthened, the institutional system was improved, the risk indicator monitoring tools were optimized, and various contingency plans were formulated and rehearsed in order to ensure the smooth operation of the business. The Group strengthened work in key areas such as liquidity, business continuity and asset quality of overseas organizations. We strengthened consolidated management, refined the full life cycle management of subsidiaries at all levels, fully leveraged the effectiveness of various risk management tools, reinforced the transmission of the Group's risk appetite and various management measures to subsidiaries, and enhanced the substantive impact on operational management. The Group strengthened sovereign risk management, carried out sovereign risk assessment, ratings and stress tests, paid continuous attention to and responded to country risk events in a timely manner, guided operating units to optimize their asset-liability structure in the country-specific dimension, and carried out country risk management throughout the entire process of relevant business development.

RISK MANAGEMENT

(X) Management of Large Exposure Risk

The Group conscientiously implemented the requirements of the “Measures for the Management of Large Risk Exposures of Commercial Banks” of the former CBIRC, promoted the construction of the management system, continuously monitored the situation of large risk exposures, strictly implemented the management of various limits and enhanced the Group’s ability to prevent systemic and regional risks. As at the end of the Reporting Period, all indicators of the Group’s large risk exposure were in compliance with the regulatory requirements.

(XI) Climate and Environmental Risk Management

The Group actively supports the goal of “Carbon Peak and Carbon Neutrality”, promotes the further integration of climate and environmental risks into the total risk management system, and continuously improves the governance structure, strengthens the institutional constraints, enhances the risk assessment and optimizes the means of management and control according to the risk appetite determined by the Board of Directors, so as to effectively respond to new challenges brought about by climate change and the low-carbon transformation of the socio-economy.

During the Reporting Period, the Bank continuously enhanced carbon data management capabilities. It established a carbon emission measurement system for investment and financing clients, and completed the latest round of carbon emission measurement for investment and financing clients through digital means. For the first time, retail assets such as housing loans and car loans were included in the measurement scope, further expanding the coverage of carbon emission measurement. The Bank steadily advanced the scene analysis and stress testing of climate risks, deepened the research on the asset portfolio transformation plan, and continuously strengthened the training and promotion of the “dual carbon” strategy.

OUTLOOK

IV. OUTLOOK

Currently, the external environment for the operation and development of the banking industry still faces many uncertainties and challenges. However, the fundamental trend of long-term positive development of the Chinese economy remains unchanged. As various policies gradually take effect in a coordinated manner, it is expected that the overall development trend will remain stable and steady with progress in the second half of the year. In the next stage, the Group will continue to deeply practice the political and people-oriented nature of financial work. It will effectively serve as the main force in serving the real economy and the ballast stone in maintaining financial stability, and make greater contributions to implementing the “Four Stabilities” requirements and achieving national economic development targets. The Group will firmly implement the development strategy and promote high-quality development, with a focus on the following aspects:

First, the Bank will make concrete and meticulous efforts in the “five priorities” of finance, and continue to develop its business characteristics. It will enhance the efficiency of capital utilization, thoroughly implement a package of financial policies, and carry out the “five priorities” of finance in line with local conditions, providing full life-cycle and full-chain financial services for sci-tech innovation enterprises; improve the quality and quantity of green finance, and expand the coverage of services for micro, small and medium-sized enterprises, private enterprises, and the “Three Rural” areas through digital means; comprehensively support the development of finance for the elderly care industry, ageing finance, pension wealth finance, pension consumption finance, and the improvement of ageing-friendly financial services.

Second, the Bank will intensify efforts to consolidate the advantages of a Shanghai-based bank. The Bank will serve Shanghai’s 5-center Initiative, support new quality productive forces and develop business characteristics with efforts in enhancing the Shanghai-based bank as a driving force. It will improve the organizational service system to enhance the capacity of sci-tech finance; strengthen product and service innovation to consolidate and expand the leading advantage in financial market business; focus on integrating resources and enriching functions to develop distinctive features in offshore finance and cross-border finance; cultivate new advantages in trade finance services to support the quality improvement and upgrading of the trade center; deeply participate in the construction of the digital platform for shipping and trade to support building an international shipping center; continue to practice the concept of a people-oriented city to actively serve the construction of a modern urban system. By optimizing and strengthening the construction of a Shanghai-based bank, the Bank aims to establish a foothold in Shanghai, serve the whole country, and radiate influence worldwide.

Third, the Bank will continue to promote digitalization to empower transformation and development. It will promote the integration of financial services into digital scenes, expand the coverage of financial services, and implement digital business model reforms. The Bank will develop technological support capabilities and strengthen data capabilities, and drive service efficiency improvements through “data factor x” and “AI +” to empower the development of key sectors.

OUTLOOK

Fourth, the Bank will dynamically optimize and adjust the business structure. It will maintain its efforts to serve the real economy, improve the quality and efficiency of services, promote the coordinated development and structural optimization of asset and liability business in terms of both volume and price, and ensure that key performance indicators are comparable among industry peers. The Bank will continuously serve major national strategies in the Yangtze River Delta, Beijing-Tianjin-Hebei, the Greater Bay Area, and the Chengdu-Chongqing metropolitan area, and continuously enhance the contribution and presence of BOCOM.

Fifth, the Bank will advance the customer base improvement. It will improve the customer operation and management mechanism, further deepen online-offline integration, strengthen the G-B-C coordinated development, continuously enhance the capability to acquire customers in batches. It will intensify the coordinated expansion of source fund businesses such as payroll processing, social security, and pensions, focus on consumption and payment settlement, deepen the construction of scene ecosystem, and improve customer service experience.

Sixth, the Bank will firmly hold the bottom line and effectively prevent risks. It will strengthen the integrated and penetrating management of the Group, continuously improve the total risk management mechanism. Efforts will be made to strengthen the bottom-line and extreme thinking, and implement the “four early” requirements to strictly prevent external shocks. The Bank will effectively manage risks in key areas such as real estate and local government debt.

OTHER DISCLOSURE MATTERS

V. OTHER DISCLOSURE MATTERS

Assessment on the implementation of the action plan on improving quality, promoting efficiency and raising returns for investors

The Bank has formulated its *Stock Valuation Enhancement Plan and the Action Plan on Improving Quality, Promoting Efficiency and Raising Returns for Investors* in March 2025 in light of the Bank's development strategy, operating goals and capital planning, to continuously enhance returns for investors through high-quality development. During the Reporting Period, the entire Bank worked in close collaboration to implement the action plan and bring up actual results, thereby creating value for investors.

Serving the real economy and achieving high-quality development. The Bank continued with its efforts to serve the real economy, and focused on strengthening operation and management and improving the quality of development. The total amount of financial supply increased and the structure was optimized. As at the end of the Reporting Period, the Group's balance of loans to customers increased by 5.18% from the end of the previous year to RMB9.00 trillion. The Bank continuously increased the supply of consumer financing products and diversified consumption scenes to promote consumption and benefit the people's livelihood. Personal consumption loans increased by 16.82% from the end of the previous year. The Bank promoted the development of major regions in China with efficient financial supply. As at the end of the Reporting Period, the balance of loans in the Yangtze River Delta, the Greater Bay Area, and the Beijing-Tianjin-Hebei region increased by 5.57% from the end of the previous year, 0.39 percentage point higher than the Group's average loan growth rate. The balance of loans in the three regions accounted for 54.21%, representing an increase of 0.20 percentage point from the end of the previous year.

Promoting the strategy implementation and better serve the “five priorities” of finance. The Bank firmly aimed at the goal of building a financial powerhouse, deeply advanced the implementation of the “One-Four-Five” strategy, continuously enhanced the capability to serve national construction, and made concrete and meticulous efforts in the “five priorities” of finance, accurately allocating financial resources to major national strategies, key areas and weak links.

Leveraging the advantages as a Shanghai-based bank to enhance value contribution. The Bank earnestly served and supported building Shanghai into an international financial center. It took the lead in piloting innovative business in financial factor market, further expanding the application and usage channels for the “Credit for Medical Treatment” initiative of BOCOM. It enriched the application scenes of the “one thing” block chain and the application scenes of digital RMB.

Maintaining the bottom line of risk and consolidating the foundation for steady development. The Bank consistently prioritized preventing and mitigating risks, focusing on improving the total risk management system. It implemented the requirements of “early identification, early warning, early exposure, and early disposal”, enhanced intelligent risk control capabilities, and conducted proactive and forward-looking management. During the Reporting Period, the key asset quality indicators of the Bank continued to improve, reinforcing the foundation of asset quality.

OTHER DISCLOSURE MATTERS

Stabilizing cash dividends and enhancing investor returns. The Bank attaches great importance to maintaining the continuity and stability of the dividend policy, providing investors with a long-term, stable and predictable investment returns and enhancing their sense of gain. During the Reporting Period, the Bank completed the 2024 interim dividend and the 2024 annual dividend. The distribution of profits exceeded 30% of the net profit attributable to shareholders of the parent company for 13 consecutive years. The Bank will continue the practice of distributing dividends multiple times within a year. The Board considered and approved the profit distribution plan for the first half of 2025 (subject to the approval of the Shareholders' General Meeting). The Bank provided investors with a predictable and attractive dividend returns.

For details on the implementation of the *Stock Valuation Enhancement Plan and the Action Plan on Improving Quality, Promoting Efficiency and Raising Returns for Investors* during the Reporting Period, please refer to the sections on “Business Review”, “Risk Management”, and “Corporate Governance”.

CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

(1) Statement of changes in ordinary shares

1. Statement of changes in ordinary shares

As at the end of the Reporting Period, the Bank issued a total of 88,363,784,223 ordinary shares, including 53,351,921,593 A shares and 35,011,862,630 H shares, which accounted for 60.38% and 39.62% of the total issued shares, respectively. 31,833,482,023 ordinary shares issued by the Bank are subject to sales restrictions.

	30 June 2025		Increase/ decrease during the Reporting Period	31 December 2024	
	Amount (share)	Percentage (%)		Amount (share)	Percentage (%)
I. Shares subject to sales restrictions	31,833,482,023	36.03	31,833,482,023	–	–
1. State-owned shares	30,942,772,271	35.02	30,942,772,271	–	–
2. Shares held by state-owned legal persons	890,709,752	1.01	890,709,752	–	–
3. Shares held by other domestic investors	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–
II. Shares not subject to sales restrictions	56,530,302,200	63.97	-17,732,424,445	74,262,726,645	100.00
1. Renminbi-denominated ordinary shares	26,072,439,569	29.51	-13,178,424,446	39,250,864,015	52.85
2. Domestically listed foreign shares	–	–	–	–	–
3. Overseas listed foreign shares	30,457,862,631	34.47	-4,553,999,999	35,011,862,630	47.15
III. Total shares	88,363,784,223	100.00	14,101,057,578	74,262,726,645	100.00

2. Explanation of changes in ordinary shares

In accordance with the *Approval on the Registration of the Issuance of Shares to Specific Targets by Bank of Communications Co., Ltd.* (Zheng Jian Xu Ke [2025] No. 1081) issued by the CSRC in May 2025, the Bank completed the issuance of 14,101,057,578 RMB ordinary shares (A shares) to specific targets in June 2025. The issuance targets were the Ministry of Finance, China National Tobacco Corporation (CNTC), and China Doublewin Investment Co., Ltd. (CDIC). The closing price of A shares on the most recent trading day before the signing of the subscription agreement was RMB7.36 per share. The Bank issued the shares at a price of RMB8.51 per share, with a total proceeds of RMB120,000,000,000. After deducting issuance expenses, the actual net proceeds was approximately RMB119,940,554,882.23, with a net proceeds per share of RMB8.51. Upon the issuance of A shares to specific targets, the number of total shares of the Bank increased from 74,262,726,645 shares to 88,363,784,223 shares. For details, please refer to the Bank's announcement dated 18 June 2025.

3. The effects of changes in ordinary shares on the financial indicators such as earnings per share and net assets per share

During the Reporting Period, the Bank issued 14,101,057,578 ordinary A shares to specific targets. This change led to an increase in the Bank's total share capital and net assets, resulting in a dilution effect on earnings per share and net assets per share.

CHANGES IN SHARES AND SHAREHOLDERS

(2) The trading date of shares subject to sales restrictions

Date	Number of new shares for trading upon the expiry of the restrictions on sales (share)	Balance of shares subject to sales restrictions (share)	Balance of shares not subject to sales restrictions (share)	Description
17 December 2026	17,732,424,445	14,101,057,578	74,262,726,645	The Ministry of Finance of the People's Republic of China
17 June 2030	14,101,057,578	–	88,363,784,223	The Ministry of Finance of the People's Republic of China, China National Tobacco Corporation, and China Doublewin Investment Co., Ltd.

Note: Information in the table above was prepared based on the share registration recorded in Shanghai Branch of China Securities Depository and Clearing Corporation Limited as of 30 June 2025.

(3) The shareholdings of the shareholders subject to sales restrictions and the terms of sales restrictions

No.	Shareholders subject to sales restrictions	Number of shares held subject to sales restrictions (share)	Date of trading	Number of new shares for trading (share)	Restrictions on sales
1	The Ministry of Finance of the People's Republic of China	17,732,424,445	17 December 2026	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 18 months from the date of equity acquisition upon the issuance of A shares
		13,210,347,826	17 June 2030	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 5 years from the date of equity acquisition upon the issuance of A shares
2	China National Tobacco Corporation	538,183,313	17 June 2030	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 5 years from the date of equity acquisition upon the issuance of A shares
3	China Doublewin Investment Co., Ltd.	352,526,439	17 June 2030	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 5 years from the date of equity acquisition upon the issuance of A shares

Note: Information in the table above was prepared based on the share registration recorded in Shanghai Branch of China Securities Depository and Clearing Corporation Limited as of 30 June 2025.

CHANGES IN SHARES AND SHAREHOLDERS

II. SHAREHOLDERS OF ORDINARY SHARES

As at the end of the Reporting Period, the total number of shareholders of ordinary shares of the Bank was 263,071, of which 234,364 were holders of A shares and 28,707 were holders of H shares.

(I) Shareholdings of Top 10 Ordinary Shareholders as at the end of the Reporting Period¹

Name of shareholders (full name)	Increase/ decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Number of shares held subject to sales restrictions (shares)	Nature of shareholders
The Ministry of Finance of the People's Republic of China ²	13,210,347,826	26,388,772,272	29.86	A Share	Nil	26,388,772,272	Government
	-	4,553,999,999	5.15	H Share	Nil	4,553,999,999	
The Hongkong and Shanghai Banking Corporation Limited ("HSBC") ^{3,5}	-	14,135,636,613	16.00	H Share	Nil	-	Foreign legal entity
The National Council for Social Security Fund ("SSF") ^{4,5}	-	3,105,155,568	3.51	A Share	Nil	-	Government
	-	8,433,333,332	9.54	H Share	Nil	-	
Hong Kong Securities Clearing Company Nominees Limited ^{5,6}	6,076,741	7,724,800,135	8.74	H Share	Unknown	-	Foreign legal entity
China Securities Finance Corporation Limited	-	1,891,651,202	2.14	A Share	Nil	-	State-owned legal entity
Hong Kong Securities Clearing Company Limited	(52,073,029)	1,396,150,342	1.58	A Share	Nil	-	Foreign legal entity
Capital Airports Holdings Company Limited	-	1,246,591,087	1.41	A Share	Nil	-	State-owned legal entity
Shanghai Haiyan Investment Management Co., Ltd. ⁶	-	808,145,417	0.91	A Share	Nil	-	State-owned legal entity
Yunnan Hehe (Group) Co., Ltd. ⁶	-	745,305,404	0.84	A Share	Nil	-	State-owned legal entity
FAW Equity Investment (Tianjin) Co., Ltd.	-	663,941,711	0.75	A Share	Nil	-	State-owned legal entity

Notes:

- The relevant data and information are based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
- The Bank completed the issuance of 14,101,057,578 ordinary A shares to three specific targets, including the Ministry of Finance of the People's Republic of China, in June 2025. The lock-up period for all the shares under this issuance is 5 years from the date of acquisition of equity. The Ministry of Finance of the People's Republic of China has committed that the lock-up period for the 13,178,424,446 A shares and 4,553,999,999 H shares it originally held in the Bank shall be 18 months from the date of equity acquisition upon the issuance of A shares by the Bank.
- According to the Bank's register of members, HSBC held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under Hong Kong Securities Clearing Company Nominees Limited ("**HKSCC Nominees Limited**").
- Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of SSF. Other than the above shareholdings, the SSF held additional 625,034,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). As at the end of the Reporting Period, the SSF held a total of 12,163,522,900 A shares and H shares of the Bank, representing 13.77% of the Bank's total ordinary shares issued.
- HKSCC Nominees Limited held the H shares of the Bank as a nominee. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and SSF, respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders, respectively as well, which were registered in the Bank's register of members.

CHANGES IN SHARES AND SHAREHOLDERS

6. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks* (CBIRC Decree [2018] No. 1). 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorized and entrusted China National Tobacco Corporation to present at the Shareholders' General Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Furthermore, the Bank is not aware of the existence of any related relationship among the other top 10 shareholders, or whether they are parties acting in concert as defined in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.
7. Except that the situation of HKSCC Nominees Limited. is unknown, the top 10 shareholders and top 10 shareholders not subject to sales restrictions of the Bank did not participate in margin trading and refinancing business.

(II) Table of Shareholdings of Top 10 Shareholders not subject to Sales Restrictions¹

Name of shareholders (full name)	Number of shares held not subject to sales restrictions (shares)	Class of shares
The Hongkong and Shanghai Banking Corporation Limited ^{3,5}	14,135,636,613	H Share
The National Council for Social Security Fund ^{4,5}	3,105,155,568	A Share
	8,433,333,332	H Share
HKSCC Nominees Limited ^{5,6}	7,724,800,135	H Share
China Securities Finance Corporation Limited	1,891,651,202	A Share
Hong Kong Securities Clearing Company Limited	1,396,150,342	A Share
Capital Airports Holdings Company Limited	1,246,591,087	A Share
Shanghai Haiyan Investment Management Co., Ltd. ⁶	808,145,417	A Share
Yunnan Hehe (Group) Co., Ltd. ⁶	745,305,404	A Share
FAW Equity Investment (Tianjin) Co., Ltd.	663,941,711	A Share
Industrial and Commercial Bank of China – Shanghai Index 50 Trading	523,081,085	A Share
Open-end Index Securities Investment Fund		

(III) Controlling Shareholders

As at the end of the Reporting Period, the Ministry of Finance was the controlling shareholder of the Bank.

(IV) Substantial Shareholders

In accordance with the *Provisional Measures on the Shareholdings Administration of Commercial Bank* (CBIRC Decree [2018] No. 1), as at the date of disclosing this report, the Bank's substantial shareholders including the Ministry of Finance, HSBC, SSF, CNTC, Capital Airports Holdings Company Limited (CAH), and Daqing Petroleum Administration Bureau Co., Ltd. are detailed as follows:

CHANGES IN SHARES AND SHAREHOLDERS

1. *Substantial shareholders holding 5% or more shares of the Bank*

- (1) The Ministry of Finance is the largest shareholder of the Bank, which was incorporated in October 1949 as a division of the State Council, in charge of national financial revenue and expenditure as well as fiscal and taxation policies. Its person in charge is Lan Fo'an, its registered address is No. 3 South Lane, San Li He, Xicheng District, Beijing and its unified social credit code is 11100000000013186G. As at the end of the Reporting Period, the Ministry of Finance held a total of 30,942,772,271 A shares and H shares of the Bank, representing a shareholding of 35.02% of the Bank. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.
- (2) HSBC is the second largest shareholder of the Bank, which was incorporated in 1866, primarily providing comprehensive local and international banking services and related financial services in the Asia-Pacific region. Its Co-chief Executive Officers are Liao, Yi Chien David and Surendra Rosha, and its registered address is No. 1 Queen's Road Central, Central, Hong Kong. As at the end of the Reporting Period, the ordinary share capital issued by HSBC is HKD123.948 billion and USD7.198 billion, which was divided into 49.579 billion ordinary shares. Its business registration certificate number is 00173611-000, its controlling shareholder is HSBC Asia Holdings Limited, its actual controller is HSBC Holdings plc and its ultimate beneficiary is HSBC Holdings plc. As at the end of the Reporting Period, HSBC beneficially held a total of 14,135,636,613 H shares of the Bank, representing a shareholding of 16.00% of the Bank. This shareholder has no parties acting in concert. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.
- (3) SSF is the third largest shareholder of the Bank, which was incorporated in August 2000. It is an independent legal entity under the management of the Ministry of Finance, responsible for managing and operating national social security fund. Its legal representative is Liu Kun, its registered capital is RMB8.00 million, its registered address is South Wing, Fortune Time Building, No. 11 Fenghuiyuan, Xicheng District, Beijing and its unified social credit code is 12100000717800822N. Pursuant to the regulations of the Ministry of Finance and the Ministry of Human Resources and Social Security, the SSF is entrusted to manage the following funds: national social security fund, central government subsidy for personal accounts, part of basic pension insurance funds for enterprise employees, basic pension insurance fund and part of state-owned capital transferred. As at the end of the Reporting Period, SSF held a total of 12,163,522,900 A shares and H shares of the Bank, representing a shareholding of 13.77% of the Bank. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.

CHANGES IN SHARES AND SHAREHOLDERS

According to the *Administrative Measures on Related-Party Transactions of Banking and Insurance Institutions* (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1, hereinafter referred to as “Order No. 1”), at the end of the Reporting Period, the Bank had recorded related-party credit transactions including loan granting, bond investment, other on-balance-sheet credit facilities, irrevocable commitments and contingent liabilities with HSBC and its related parties, with an on- and off-balance sheet net credit amount of RMB10.524 billion. During the Reporting Period, there were related-party non-credit transactions including the provision of services, deposits and derivatives with a total transaction amount of RMB10.203 billion. The above related-party transactions were conducted in accordance with general commercial terms and conditions, and the terms were fair and reasonable. The affiliated legal persons and unincorporated organizations specified in *Order No. 1* do not include the Ministry of Finance and the National Council for Social Security Fund. For details of the related-party transactions conducted by the Bank with the Ministry of Finance and the National Council for Social Security Fund, please refer to Note 44. Related Party Transactions to the Consolidated Financial Statements.

2. Other substantial shareholders under regulatory standards

Pursuant to the *Provisional Measures on the Shareholdings Administration of Commercial Banks* (CBIRC Decree [2018] No.1), the Bank’s other substantial shareholders included:

- (1) CAH. As at the end of the Reporting Period, CAH held 1.41% shares of the Bank, and did not pledge any shares of the Bank. Capital Airports Holdings Company Limited was established on 13 June 1988 with a registered capital of RMB55.7 billion and its legal representative is Song Kun. Capital Airports Holdings Company Limited is a large cross-regional state-owned enterprise group with the core of airport business. The shareholder’s sole controlling shareholder is Civil Aviation Administration of China, with no parties acting in concert.
- (2) CNTC. As at the end of the Reporting Period, CNTC held 0.61% of shares of the Bank, and did not pledge any shares of the Bank. China National Tobacco Corporation was established on 15 December 1983 with a registered capital of RMB57 billion. Its legal representative is Zhang Jianmin. The Ministry of Finance, on behalf of the State Council, assumes the investor’s role. A total of 7 subordinate enterprises of China National Tobacco Corporation, including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., authorized and entrusted China National Tobacco Corporation to present at the Shareholders’ General Meeting of the Bank and to exercise their voting right on behalf.
- (3) Daqing Petroleum Administration Bureau (DPAB). As at the end of the Reporting Period, Daqing Petroleum Administration Bureau held 0.33% of the Bank’s shares, and did not pledge any shares of the Bank. DPAB was established on 14 September 1991 with a registered capital of RMB46.5 billion and its legal representative is Zhu Guowen. Its main business scope includes onshore oil and gas exploration and mineral resource exploration. The shareholder’s sole controlling shareholder is China National Petroleum Corporation, and it has no parties acting in concert.

CHANGES IN SHARES AND SHAREHOLDERS

According to *Order No. 1*, As at the end of the Reporting Period, the Bank was involved in related transactions including loans, debt investment, other on-balance sheet credit and irrevocable commitments and contingent liabilities with the other related parties under regulatory standards of the aforesaid substantial shareholders. The on- and off-balance sheet net credit amount was RMB5.209 billion. During the Reporting Period, the Bank was involved in related transactions including services, deposits and derivatives and other non-on-balance-sheet credit with the related parties. The total amount of non-on-balance-sheet credit transactions was RMB32.856 billion. The above related transactions were conducted in accordance with general commercial terms and conditions, and the terms were fair and reasonable.

(V) Substantial Shareholders and Holders of Interest or Short Positions Required to be Disclosed under Division 2 and 3 of Part XV of the *Securities and Futures Ordinance* (the “SFO”)

As at the end of the Reporting Period, to the knowledge of the directors, supervisors and chief executives of the Bank, the substantial shareholders and other persons (excluding the directors, supervisors and chief executives of the Bank) who had interests or short positions in the shares or underlying shares of the Bank as recorded in the register required to be kept pursuant to Section 336 of the SFO are as follows:

Name of substantial shareholders	Capacity	Number of A shares	Nature of interest ¹	Percentage of total issued A shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People's Republic of China	Beneficial owner	26,388,772,272	Long position	49.46	29.86
The National Council for Social Security Fund	Beneficial owner	3,105,155,568	Long position	5.82	3.51

Name of substantial shareholders	Capacity	Number of H shares	Nature of interest ¹	Percentage of total issued H shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People's Republic of China	Beneficial owner	4,553,999,999 ²	Long position	13.01	5.15
HSBC Holdings plc	Interests of controlled corporation	14,135,636,613 ³	Long position	40.37	16.00
The National Council for Social Security Fund	Beneficial owner	9,058,367,332 ⁴	Long position	25.87	10.25

Notes:

- Long positions held other than through equity derivatives.
- To the knowledge of the Bank, as at the end of the Reporting Period, the Ministry of Finance held 4,553,999,999 H shares and 26,388,772,272 A shares of the Bank, respectively representing 5.15% and 29.86% of the total ordinary shares issued by the Bank.
- HSBC Holdings plc wholly owns HSBC Asia Holdings Limited, which wholly owns HSBC. HSBC beneficially held 14,135,636,613 H shares of the Bank. Pursuant to the SFO, HSBC Holdings plc was deemed to own the interests associated with 14,135,636,613 H shares held by HSBC.
- To the knowledge of the Bank, as at the end of the Reporting Period, the SSF held a total of 9,058,367,332 H shares and 3,105,155,568 A shares (please refer to the details in Shareholdings of Top 10 Ordinary Shareholders and relevant notes) of the Bank, respectively representing 10.25% and 3.51% of the Bank's total ordinary shares issued.

CHANGES IN SHARES AND SHAREHOLDERS

Save as disclosed above, as at the end of the Reporting Period, no other person (excluding the directors, supervisors and chief executives of the Bank) or corporation was recorded in the register required to be kept under Section 336 of the SFO as holding any interests or short positions in the shares or underlying shares of the Bank that would fall to be disclosed to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

III. INFORMATION OF PREFERENCE SHARES

(I) Information of Preference Shareholders

As at the end of the Reporting Period, the number of shareholders of preference shares of the Bank was 67.

Top 10 Preference Shareholders and their Shareholdings as at the end of the Reporting Period

Name of shareholders	Increase/ decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
China Mobile Communications Group Co., Ltd.	0	100,000,000	22.22	Domestic preference share	Nil	State-owned legal entity
AVIC Trust Company Limited – AVIC Trust – Tianguai Winning Together No. 2 Securities Investment Pooled Fund Trust Plan	0	20,000,000	4.44	Domestic preference share	Nil	Others
CGB Trust Co., Ltd. – CGB Trust – Jianyue Changhong No. 1 Single Capital Trust	0	20,000,000	4.44	Domestic preference share	Nil	Others
CSCF – China Merchants Bank – CSCF Baofu No.3 Collective Capital Management Plan	19,350,000	19,350,000	4.30	Domestic preference share	Nil	Others
Ping An Life Insurance Company of China, Ltd. – Self-owned fund	0	18,000,000	4.00	Domestic preference share	Nil	Others
HwaBao Trust Co., Ltd. – HwaBao Trust – Baofu Investment No. 1 Collective Capital Trust Plan	(23,770,000)	15,380,000	3.42	Domestic preference share	Nil	Others
China National Tobacco Corporation – Henan Branch	0	15,000,000	3.33	Domestic preference share	Nil	State-owned legal entity
China Life Property & Casualty Insurance Company Limited – Traditional – Common insurance product	0	15,000,000	3.33	Domestic preference share	Nil	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Common insurance product	0	13,800,000	3.07	Domestic preference share	Nil	Others
CSCF – Bank of China – CSCF – Youxiang No. 33 Collective Asset Management Plan of Bank of China	3,900,000	11,200,000	2.49	Domestic preference share	Nil	Others

Notes:

- Shareholdings of preference shareholders are summarised according to the Bank's register members of preference shareholders.
- "Percentage" refers to the percentage of number of preference shares held by preference shareholders in the total number of preference shares.
- According to the *Administrative Measures on the Connected Transactions of Banking and Insurance Institutions* issued by the former CBIRC, to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related with Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., which are among top 10 ordinary shareholders of the Bank.
- The Bank is not aware of the existence of any related relationship among the top 10 preference shareholders or any relationship between the above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

CHANGES IN SHARES AND SHAREHOLDERS

(II) Dividends Distribution of Preference Shares

In accordance with the resolution and authorization of the Shareholders' General Meeting, the 24th meeting of the 10th Session of Board of Directors of the Bank was held on 29 August 2025, at which the proposal for the dividend distribution of the domestic preference shares was considered and approved.

The dividend on domestic preference shares was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which will be distributed on 8 September 2025. Please refer to the announcement published by the Bank on 29 August 2025 for details of dividend distribution of preference shares.

(III) Restoration of Voting Rights of Preference Shares

During the Reporting Period, the Bank did not restore any voting rights of preference shares.

(IV) Accounting Policy for Preference Shares and its Rationale

According to the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments* issued by the Ministry of Finance, the *International Financial Report Standards 9 – Financial Instruments* and the *International Accounting Standards 32 – Financial Instruments: Presentation* issued by International Accounting Standards Board as well as substantial terms and conditions of the preference shares issued by the Bank, the preference shares of the Bank were classified as equity instruments.

IV. ISSUANCE, LISTING, TRADING AND REDEMPTION/PAYMENT OF SECURITIES

During the Reporting Period, the Bank did not issue any corporate bond that was required to be disclosed in accordance with the *Standards on the Content and Format of Information Disclosure of Publicly Listed Company No. 3 – Content and Format of the Interim Report (2025 Revision)* and the *Administrative Measures for Information Disclosure of Enterprise Credit Bonds*. Neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed securities (including treasury shares) of the Bank. As at the end of the Reporting Period, the Bank did not hold any treasury shares.

The Bank did not issue preference shares during the past three years. During the Reporting Period, there was neither any redemption nor conversion of preference shares.

The Bank has no employee stock.

(I) Issuance of Bonds

Please refer to the “CHANGES IN ORDINARY SHARES” in this section.

CHANGES IN SHARES AND SHAREHOLDERS

(II) Issuance, Redemption/Payment of Bonds

In April 2025, the Bank issued RMB30.0 billion of green financial bonds in the national inter-bank bond market, including RMB25.0 billion with a term of 3 years and a coupon rate of 1.70%, and RMB5.0 billion with a term of 5 years and a coupon rate of 1.76%. The proceeds were fully used for green industry projects stipulated in the *Green Bond Endorsed Projects Catalogue (2021 Edition)*.

In May 2025, the Bank issued RMB20.0 billion of sci-tech innovation bonds in the national inter-bank bond market, including RMB15.0 billion with a term of 3 years and a coupon rate of 1.65%, and RMB5.0 billion with a term of 5 years and a coupon rate of 1.77%. The proceeds were fully used for granting sci-tech loans and other purposes to specifically support business in the sci-tech innovation field.

In June 2025, the Bank issued RMB40.0 billion of total loss-absorbing capacity non-capital bonds in the national inter-bank bond market, including RMB34.0 billion with a term of 3+1 years and a coupon rate of 1.79%, and RMB6.0 billion with a term of 5+1 years and a coupon rate of 1.88%. The proceeds were used for improving the Bank's total loss-absorbing capacity.

In May 2025, the Bank fully redeemed RMB40.0 billion of tier-2 capital bonds issued in 2020 in the national inter-bank bond market. In June 2025, the Bank redeemed RMB30.0 billion of special financial bonds upon maturity for loans to small and micro enterprises issued in 2022 in the national inter-bank bond market. For details of other bonds issued by the Bank and its subsidiaries and still in existence, please refer to Note 29. Debt Securities Issued to the Consolidated Financial Statements.

(III) Equity Linked Agreement

The Bank privately issued domestic preference shares with an amount of 450 million in September 2016. Assuming that the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares. Please refer to Note 32. Other Equity Instruments to the Consolidated Financial Statements for other details of domestic preference shares.

CORPORATE GOVERNANCE

The Bank strictly complied with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Law of the People's Republic of China on Commercial Banks* and other relevant laws, regulations and rules. The Bank actively explored the corporate governance mechanisms of large commercial banks with Chinese characteristics and consistently improved the level of corporate governance in order to sufficiently protect the rights of both domestic and overseas investors as well as other relevant stakeholders.

I. SHAREHOLDERS' GENERAL MEETING

On 8 April 2025, the Bank held the 2025 first extraordinary general meeting, where two proposals, namely the *2024 Financial Report* and the *2024 Profit Distribution Plan*, were considered and approved. On 16 April 2025, the Bank held the 2025 second extraordinary general meeting, which was also the 2025 first A shareholders class meeting and the 2025 first H shareholders class meeting. Sixteen proposals, including the *Proposal of the Issuance of A Shares to Specific Targets* and the *Preliminary Proposal of the Issuance of A Shares to Specific Targets*, were considered and approved. On 27 June 2025, the Bank held the 2024 annual general meeting, where six proposals, including the *2024 Report of the Board of Directors*, the *Amendments to the Articles of Association*, and the *Cancellation of Board of Supervisors*, were considered and approved. The announcements of the resolutions of the above-mentioned shareholders' meetings were disclosed on the website of SSE, the website of HKEXnews of Hong Kong Exchanges and Clearing Limited, and the website of the Bank, and were also published via media designated by the CSRC.

II. PROFIT DISTRIBUTION PLAN

Pursuant to the resolution of 2025 interim profit distribution considered at the 24th meeting of the 10th Session of Board of Directors of the Bank, a cash dividend of RMB1.563 (inclusive of tax) per 10 shares will be distributed to registered shareholders of A share and H share, totaling RMB13.811 billion (inclusive of tax), accounting for 30.0% of the net profit attributable to the shareholders of the parent company in the first half of 2025, which was calculated based on a total number of ordinary shares of 88.364 billion shares as at the end of the Reporting Period. The abovementioned plan complies with the provisions of the Articles of Association and review procedures, fully protects the legitimate rights and interests of small and medium-sized investors, and has been commented by independent directors. Current distribution does not involve bonus shares or share capital increase from capital accumulation fund.

CORPORATE GOVERNANCE

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this Report, directors, supervisors and senior management of the Bank are as below:

Name	Position	Name	Position
Ren Deqi	Chairman of the Board of Directors and Executive Director	Xiao Wei	Independent Director
Zhang Baojiang	Vice Chairman of the Board of Directors, Executive Director and President	Wang Xueqing	Shareholder Supervisor
Yin Jiuyong	Executive Director and Executive Vice President	Su Zhi	External Supervisor
Zhou Wanfu	Executive Director and Executive Vice President	Lin Zhihong	Employee Supervisor
Chang Baosheng	Non-executive Director	Feng Bing	Employee Supervisor
Liao, Yi Chien David	Non-executive Director	Po Ying	Employee Supervisor
Chan Siu Chung	Non-executive Director	Qian Bin	Executive Vice President and Chief Information Officer
Mu Guoxin	Non-executive Director	Gu Bin	Executive Vice President
Ai Dong	Non-executive Director	Yang Tao	Executive Vice President
Luo Xiaopeng	Non-executive Director	He Zhaobin	Secretary of the Board of Directors
Shi Lei	Independent Director	Tu Hong	Chief Business Officer (Inter-bank and Market Business)
Zhang Xiangdong	Independent Director	Lin Hua	Chief Business Officer (Retail and Private Business)
Li Xiaohui	Independent Director	Liu Jianjun	Chief Risk Officer
Ma Jun	Independent Director	Cho Kwok Hung	BOCOM-HSBC Strategic Cooperation Consultant
Wong Tin Chak	Independent Director		

CORPORATE GOVERNANCE

Changes in Directors, Supervisors and Senior Management

Newly elected/appointed

Name	Position	Change
Ai Dong	Non-executive Director	Elected
Yang Tao	Executive Vice President	Appointed

Resigned

Name	Ex-position	Change
Li Longcheng	Ex-Non-executive Director	Retirement
Wang Linping	Ex-Non-executive Director	Retirement
Chen Junkui	Ex-Non-executive Director	Work arrangement
Xu Jiming	Ex-Chairman of the Board of Supervisors and Shareholder Supervisor	Position adjustment
Chen Hanwen	Ex-External Supervisor	Expiration of term
Guan Xingshe	Ex-Employee Supervisor	Retirement

Changes in the information of Directors, Supervisors and Senior Management

Mr. Mu Guoxin, Non-executive Director, ceased to be the Non-executive Director of CITIC Limited.

Ms. Li Xiaohui, Independent Director, serves as the Independent Director of China Everbright Group Ltd. and ceased to be the Independent Director of Fangda Special Steel Technology Co., Ltd. and Poly Culture Group Co., Ltd.

Mr. Ma Jun, Independent Director, serves as the Independent Director of China Life Insurance (Group) Company and ceased to be the Independent Director of China Taiping Life Insurance (Hong Kong).

Mr. Wong Tin Chak, Independent Director, serves as the Independent Director of ENN Natural Gas Co., Ltd.

Mr. Tu Hong, Chief Business Officer (Inter-bank and Market Business), ceased to serve concurrently as the President of the Shanghai Branch of the Bank.

CORPORATE GOVERNANCE

Shareholdings of Directors, Supervisors and Senior Management

Name	Position	Class of shares	Number of shares held at the beginning of the Reporting Period (share)	Increase	Number of shares held as at the end of the Reporting Period (share)	Reason for changes
				(or decrease) in shareholdings during the Reporting Period (share)		
Ren Deqi	Chairman of the Board of Directors and Executive Director	A Share	0	0	0	–
		H Share	500,000	0	500,000	–
Chan Siu Chung	Non-executive Director	A Share	0	0	0	–
		H Share	49,357	0	49,357	–
Lin Zhihong	Employee Supervisor	A Share	160,000	0	160,000	–
		H Share	0	0	0	–
Po Ying	Employee Supervisor	A Share	195,044	0	195,044	–
		H Share	0	0	0	–
He Zhaobin	Secretary of the Board	A Share	96,700	0	96,700	–
		H Share	0	0	0	–
Tu Hong	Chief Business Officer (Inter-bank and Market Business)	A Share	70,000	0	70,000	–
		H Share	50,000	0	50,000	–
Lin Hua	Chief Business Officer (Retail and Private Business)	A Share	202,100	0	202,100	–
		H Share	0	0	0	–
Liu Jianjun	Chief Risk Officer	A Share	220,000	0	220,000	–
		H Share	0	0	0	–
Resigned/Retired Directors, Supervisors and Senior Management						
Guan Xingshe	Employee Supervisor	A Share	160,000	0	160,000	–
		H Share	0	0	0	–

Additionally, Mr. Chan Siu Chung, Director of the Bank, held 98 H shares of BOCOM International Holdings Company Limited. Save as disclosed above, as at the end of the Reporting Period, none of the Bank's directors, supervisors or chief executives had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be recorded in the register as kept pursuant to Section 352 of the SFO, or which were required, pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix C3 to the Hong Kong Listing Rules to be notified to the Bank and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE

IV. HUMAN RESOURCE MANAGEMENT

(I) Basic Information of Employees

As at the end of the Reporting Period, the Group had a total of 95,267 employees, of whom 88,935 employees were based in domestic banking institutions and 2,585 were local employees in overseas banking institutions. The number of employees of the Bank's subsidiaries was 3,747, excluding staff dispatched from the Head Office and branches.

Assets, Entities and Employees by Regions as at the end of the Reporting Period

	Assets		Entities		Employees	
	Amount (in millions of RMB)	Proportion (%)	Number of entities	Proportion (%)	Number of employees	Proportion (%)
Yangtze River Delta	3,860,063	25.01	712	24.41	26,589	27.91%
Pearl River Delta	1,282,881	8.31	328	11.07	10,188	10.69%
Bohai Rim Economic Zone	2,151,650	13.94	477	16.67	14,516	15.24%
Central China	1,659,530	10.75	515	17.88	14,948	15.69%
Western China	1,124,436	7.28	473	16.56	12,358	12.97%
North Eastern China	504,185	3.27	314	11.10	8,421	8.84%
Overseas	1,227,082	7.95	66	2.28	3,110	3.26%
Head Office	5,670,424	36.74	1	0.03	5,137	5.39%
Eliminated and unallocated assets	(2,044,846)	(13.25)	–	–	–	–
Total	15,435,405	100.00	2,886	100.00	95,267	100.00

Note: The number of employees in the Head Office excluded the employees in the Pacific Credit Card Center, the financial service centers/ business operation department and the staff dispatched from the Head Office. The number of employees in the Yangtze River Delta and its proportion decreased compared with the same period last year. This was mainly due to the transformation of the Credit Card Center's local operation model. If the Credit Card Center was not taken into account, the number of employees in the Yangtze River Delta and its proportion were both higher than those of the same period last year.

(II) Employees' Remuneration Policy

Under the Group's strategic goals and reform and development requirements, the Bank consistently optimized the performance appraisal and remuneration system of "salary determined by post and bonus granted upon performance" and the Bank insisted on responsibility orientation, grass-root orientation and performance orientation, and focused on positive incentives. Please refer to Note 12. Staff Costs to the Consolidated Financial Statements for details of staff costs and benefits of the Bank.

CORPORATE GOVERNANCE

(III) Employee's Training

During the Reporting Period, guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank implemented the “National Hundred, Thousand, and Ten Thousand Talents” key talent development initiative, with the objective of cultivating a team of cadres and talents demonstrating strong political integrity, professional competence, and exemplary conduct. Focusing on the training of political capabilities and operational skills, the Bank strengthened the overall management of the Group, training coordination, systematic planning, and integrated promotion, and prioritized political education, critical minority, practical training, quality enhancement, and digital transformation to carry out training for all employees. In the first half of the year, through an online-offline integrated approach, the Bank fully leveraged the role of e-campus as “the classroom beside employees” and held 3,200 training sessions in a stratified and categorized manner for management cadres, fintech professionals, customer managers, product managers, risk managers, and payment and settlement professionals, covering more than 320,000 employees.

V. INVESTOR RELATIONS MANAGEMENT

The Bank consistently adheres to the concept of maximizing investor value, aiming to sustain its position as an active bank in the capital markets. It continuously strengthened investor relations to promote value return and value recognition. Maintaining “zero-distance” communication with the market, the Bank enriched and improved communication channels. In the first half of the year, through annual/quarterly earnings briefings, domestic and overseas roadshows, receiving investors for visits and researches, and participation in investment forums, the Bank communicated operational developments to the market. The Bank actively expanded online communication platforms with the market, answering questions from investors, particularly small and medium-sized investors, via daily channels such as investor service email and hotlines, enhancing market interaction. The Bank continuously monitored market value operation, building a communication bridge between the capital market and management, and promoting a two-way circulation and positive interaction between business management and market concerns.

The Bank followed the principle of being “truthful, accurate, complete, concise and clear, and easily understandable” in information disclosure, promptly releasing regular reports and various temporary announcements on both stock exchanges, and maintained full and effective communication with the capital market. During the Reporting Period, we issued 54 announcements related to the issuance of A shares to specific targets, keeping investors timely informed about the progress of refinancing. At the same time, the Bank optimized the contents of its regular reports around the focus of market concerns, continuously disclosed the progress of its development strategies, demonstrated the features of its inclusive finance, trade finance, sci-tech finance and wealth finance businesses, as well as the achievements of the construction of a Shanghai-based bank and the digital transformation, and presented the rich governance mechanisms and results of green finance development. The Bank proactively responded to the market's concerns about the hot issues and enhanced the effectiveness of information delivery. The Bank has been rated as a Class A company for information disclosure by the SSE for eleven consecutive years.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank implemented its new development concept, vigorously promoted a financial culture with Chinese characteristics, consistently enriching the Bank's corporate culture, advocating the "harmonious coexistence of human beings and nature", and actively contributing its financial strength to realizing the goal of "shared prosperity for all people". During the Reporting Period, the *Research on Financial Service Standards for the Transformation of the Shipping Industry* of the Bank was awarded the Key Research Projects of Financial Standardization for the Year 2023-2024. For further information on the fulfilment of social responsibilities by the Bank, please refer to the *Social Responsibility (ESG) Report 2024 of Bank of Communications Co., Ltd.* on the websites of the SSE and HKEx News of Hong Kong Stock Exchange.

I. ENVIRONMENTAL PROTECTION

(I) Green Finance

The Bank increased financial support for the construction of a beautiful China, helping promote the green development and the harmonious coexistence between human and nature. Based on the "14th Five-Year Plan", the Bank placed more emphasis on the development of green finance at the strategic level, taking "green" as the foundation of the Group's business operation and development. Besides, the Bank focused on key areas and key regions, enhanced green financial support to serve the real economy, promoted the synergistic development of green finance and four business features, so as to better meet financial demands of various entities in green investment, green consumption and low-carbon transformation. The Bank highlighted the underlying green financial services in terms of product and services, policy procedures as well as risk management and control.

1. Governance mechanism

The Board of Directors, the Bank's highest decision-making body for green finance, was responsible for establishing and promoting the green concepts such as conservation, low-carbon, environmental protection and sustainable development throughout the Bank. The Board of Directors also reviewed and approved the green finance development strategies and important systems formulated by the senior management. The Social Responsibility (ESG) and Consumer Protection Committee and the Risk Management and Related Party Transaction Control Committee under the Board of Directors are responsible for the management of green finance and ESG risks, respectively. During the Reporting Period, the ESG and Consumer Protection Committee reviewed the report on green finance submitted by senior management, determined the development objectives of green finance, and supervised and assessed its implementation. The Risk Management and Related Party Transaction Control Committee under the Board of Directors regularly carried out assessment of the climate risk management situation and provided guidance on the improvement of the ESG risk management system.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In accordance with the Group's green finance development strategy, senior management and its Green Finance Development Committee formulated the Bank's policies and systems for the purpose of promoting the development of green finance and the achievement of "carbon peak and carbon neutrality", promoting the optimized development of a green finance mechanism, and appropriately submitting major green finance plans to the Board of Directors for approval. The first plenary meeting of the Green Finance Development Committee in 2025 clearly stated that efforts should be made to advance green finance initiatives in a coordinated manner, enhance target management, and fulfill responsibilities; optimize the credit structure and identify business growth potential; and improve supporting measures to promote the stable development of green finance across the Bank.

2. Policy system

The Bank developed a "2+N" green finance policy system, of which the "2" refers to the Bank's green finance policy and action plan for serving the carbon peak and carbon neutrality, which makes a directional deployment of the Bank's high-quality development of green finance and high-level service to the national "dual carbon" strategic goal: the Bank clarified the specific objectives and key tasks for the three stages of 2025, 2030 and 2060, and by the end of the "14th Five-Year Plan" period, the Bank's balance of green loans should be no less than 800 billion. "N" refers to various types of special policies on green finance, including organizational structure, business management, support tools, industry segments, product integration, approval policies, assessment and evaluation, and regional development.

The Bank enhanced the supply of green finance policies. During the Reporting Period, the *Notice on Continuously Utilizing Carbon Emission Reduction Support Tools of the People's Bank of China to Accelerate the Comprehensive Green Transformation of Economic and Social Development* was revised and issued to guide branches in effectively using the carbon emission reduction support tools. The *Transition Finance Policy Package of Bank of Communications Co., Ltd. (June 2025 Edition)* and the *Green and Low-Carbon Industry Map of Bank of Communications Co., Ltd. (June 2025 Edition)* were also launched, providing references for the development of green finance and transition finance and acquisition of customers in these fields. The Bank dynamically updated the six special credit-granting strategy guidelines for the photovoltaic industry chain, the wind energy industry chain, the smart grid industry chain, the energy storage industry chain, the hydrogen energy industry chain and the industrial green low-carbon transition, and guidelines for approval in new energy fields such as wind power, wind power equipment manufacturing, photovoltaic power generation, photovoltaic manufacturing industry chain and energy storage projects. The Bank focused on the key areas of energy, manufacturing, urban and rural construction, transport and other "dual-carbon" areas, supported the financial needs of traditional industries for emission reduction and carbon reduction, and continued to promote the high-quality development of the Group's green financial business.

- (1) Energy: The Bank focused on supporting the investment and financing demands in the field of modern energy system construction, and tilted the credit resources towards the construction of new power systems dominated by clean energy under the premise of ensuring the energy supply.
- (2) Manufacturing: In combination with the carbon peak plans for key high-carbon-emission industries such as iron and steel, non-ferrous metals, construction materials, petrochemicals and chemicals, the Bank implemented differentiated credit policies with reference to selected projects and customers with standard energy consumption and energy efficiency, supported industrial green low-carbon transformation projects, and resolutely implemented the capacity replacement and elimination of backward capacity arrangements.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

- (3) Urban and rural construction: The Bank advanced the concept of green development, seized opportunities such as green upgrade of urban and rural infrastructure, green transformation of consumer industry, rural ecological environmental protection as well as reasonable and moderate development, and enhanced support for key areas and high-quality projects.
- (4) Transportation: The Bank followed up the trend of new energy and clean energy applications in transportation area, focused on supporting the electrification and low-carbon transformation of public transportation service systems, and supported infrastructure construction projects such as power charging and switching, supporting power grids, refuelling (gas) stations, as well as new energy city buses, power battery updating etc.

The Bank actively promoted the development of transition finance in a standardized manner. The Bank released the *Transition Finance Policy Package of Bank of Communications Co., Ltd. (June 2025 Edition)* to guide branches in standardizing business processes. The Bank also advanced the innovative development of transition finance, successively carrying out innovative transition finance business in over ten specific sectors including steel, agriculture, building materials, and coal power. These included transition bonds in inter-bank market and “carbon intensity + ESG” dual-linked transition loans. Numbers of service cases were the first or among the first in local markets. The Bank also strengthened exchanges and cooperation in transition finance, and was invited to serve as the leading Chinese institution of the Transition Finance Working Group of the UK-China Green Finance Taskforce.

3. Practice Effectiveness

The Bank strengthened the due diligence, review and approval in the ESG area for credit customers, fully assessed customers’ ESG performance, benefits and risks, and also continuously optimized the allocation of credit resources. The Bank increased support for clean energy, power system renovation, carbon emission reduction technologies, clean and efficient utilization of coal, etc. Furthermore, the Bank strictly controlled enterprises or projects with high pressure on environmental protection and high energy consumption, adopted various policies based on the classification, and proactively improved the credit structure. The Bank also made good use of the supporting tools for carbon emission reduction of the People’s Bank of China.

The Bank maintained steady growth in green credit business. As at the end of the Reporting Period, the balance of green loans of domestic banking institutions² exceeded RMB870.0 billion. In the first half of 2025, as a member unit of the China Green Bond Standards Committee, the Bank contributed to the construction of green bond standards and underwrote RMB7.291 billion of green bonds and transition bonds.

Adhering to the concept of green development, the Group’s subsidiaries have been assisting in the green and low-carbon transformation and development of the economy through a variety of means, including green leasing, issuance of ESG-themed products, issuance of green insurance debenture schemes, investment in green bonds, and the securitization of green assets.

² From the A3327 Statements issued by PBOC. Since 2025, PBOC has revised the statistics for green loans and adjusted the criteria for determining green loans. The green loan data for the first half of 2025 in this report is not comparable with the data disclosed in previous annual reports.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Bank of Communications Financial Leasing Co., Ltd. During the Reporting Period, the company maintained its focus on mainstream green vessel types in shipping leasing business. The 77,000-ton multi-purpose pulp carrier “GREEN BRAZIL” delivered by the company completed its maiden voyage at the Port of Santos in Brazil. The vessel features an Energy Efficiency Design Index (EEDI) significantly outperforming the third-phase standards of the International Maritime Organization and has obtained a carbon neutrality evaluation certificate from China Classification Society. As at the end of the Reporting Period, the new technology-based vessel models accounted for 49%, representing an increase of 2 percentage points from the end of the previous year. During the Reporting Period, the company completed its first green certificate transaction for a new energy photovoltaic power plant project and its first shared two-wheeler leasing project. It also issued the China’s first rural revitalization-themed green financial bond by a non-banking institution, raising RMB3.5 billion and setting a record for both the largest single-issuance scale and the lowest issuance rate among non-banking green bonds. The company continuously released social responsibility (environmental, social, and governance, or ESG) report, comprehensively showcasing main practices and achievements in economic, environmental and other responsibility areas, and effectively contributed to the green finance.

Bank of Communications Schroder Fund Management Co., Ltd. The company actively practiced the concept of green finance investment, intensified the marketing of existing green finance-related products, and incorporated green bond-related investment strategies into the investment scope of new bonds and funds to be issued subsequently. It developed an environmental risk rating model for stocks, covering over 5,300 listed stocks on the Shanghai, Shenzhen and Beijing stock exchanges. The company strengthened research on green bonds, established a holding monitoring mechanism, and continuously improved its green bond investment level. As at the end of the Reporting Period, the investment scale in green bonds through publicly offered products was approximately RMB3.132 billion.

BOCOM Wealth Management Co., Ltd. The company directed more social capital flows into the green and low-carbon sectors through the issuance of ESG green related themed products. We provided financial support for the green transformation of enterprises as well as green industries such as energy conservation and environmental protection, clean energy, and clean transport. The total balance of ESG green related theme products was RMB9.621 billion as at the end of the Reporting Period. In terms of product types, the company offered both closed-end and open-end products to meet the different liquidity and revenue requirements of banking customers, and to guide investors in establishing the concept of green and low-carbon investment. In terms of bond investment, as of the end of the Reporting Period, the balance of the company’s green bond investment was RMB12.469 billion, representing an increase of 9.5% from the end of the previous year.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

BOCOM Financial Asset Investment Co., Ltd. During the Reporting Period, the company focused its investments on green finance; encouraged more investments in clean energy, energy conservation, carbon reduction, the environmental protection industry, the green low-carbon transformation of energy, green services and other fields; consolidated its customer resources and investment experience in the field of clean energy power generation; and acquired more high-quality customers in the industry chain around new energy core enterprises. As at the end of June, a total of RMB22.576 billion has been invested in green finance-related enterprises on equity investments, with the investment balance amounting to RMB14.362 billion. During the Reporting Period, the company invested RMB1.5 billion in new energy vehicles, photovoltaics and other fields.

BOCOM MSIG Life Insurance Co., Ltd. The company supported the development of green finance through equity investments, debt investment, and product issuance. As at the end of the Reporting Period, the company had invested in green financial products with a balance of RMB3.945 billion; the asset management subsidiary issued green insurance debenture scheme products with a financing balance of RMB5.982 billion.

BOCOM International Trust Co., Ltd. The company actively promoted the development of green trusts and deepened its efforts in green finance, significantly increasing supporting for a green, low-carbon and circular economy. During the Reporting Period, new green asset securitization project with a total size of over RMB0.8 billion were added.

(II) Green services

The Bank is committed to promoting the conservation and efficient use of energy resources, integrating the concept of green development into the entire process of operation and management, and systematically advancing energy conservation and carbon reduction, water resource conservation, waste management, green office practices, and the improvement of energy efficiency in data centers and demonstration projects. With a strong sense of social responsibility, the Bank strictly adheres to national laws and regulations regarding environmental protection and energy, continuously strengthens green self-operation, and proactively plays a leading and exemplary role in the industry. In practices, the Head Office tailors its approach to local conditions, fully considering the functional characteristics and location features of each building (park), and referring to the standards of the *Specification for the Facility and Equipment Green Operating Management Service T/CPMI 011-2020* of the industry association. On the basis of basic operating management, the Bank achieves low-energy consumption operation of system equipment by recording, observing, analyzing, and adjusting the relevant dynamic parameters of equipment and facilities according to the technical and usage requirements of different professional systems of property equipment. This is to achieve the goal of saving resources, protecting the environment, and reducing pollution throughout the building's entire life cycle. Meanwhile, the Bank introduces professional institutions to conduct annual environmental inspections to ensure that all environmental indicators meet the standards and continuously satisfy the requirements of the ISO14001 environmental management system. During the Reporting Period, the BOCOM Financial Tower was awarded the Gold Award in the "2024 Shanghai Existing Building Green and Low-Carbon Renovation and Transformation Evaluation". In the future, the Bank will continue to explore innovative energy conservation and carbon reduction technologies and management models, contributing more financial strength to achieving the "dual carbon" goals.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. SOCIAL RESPONSIBILITY

(I) Consumer right protection service

The Bank has consistently upheld the principle of “finance for the people”, fully implementing the decisions and deployments of the Board, the Consumer Protection Committee, and senior management. It has carried out the Company’s consumer protection strategies, policies, and objectives, continuously building a comprehensive consumer protection framework that covers the entire process – before, during, and after transactions. The Bank has effectively operated the cross-departmental Consumer Protection Working Committee coordination mechanism, forming a multi-dimensional governance structure with strong collaboration among the front, middle, and back offices. It further deepened 15 consumer protection mechanisms, including traceable management, marketing and publicity, personal information protection, and complaint management. The Bank also optimized and refined its institutional system, clarified consumer protection objectives and priorities, and effectively safeguarded the legitimate rights and interests of financial consumers. The Bank coordinated the implementation of themed activities including the “15 March” Financial Consumer Rights and Interests Protection Education and Publicity Campaign, the “15 May” Investor Protection Awareness Day, and the “Financial Knowledge Outreach Tour”. Through an integrated online and offline approach, the Bank prioritized combining financial education with assistance initiatives for the elderly and the disabled. These efforts enhanced the innovation, effectiveness, and practicality of financial education programs, and widely disseminated both financial consumer protection knowledge and anti-fraud cases, as well as measures for “concretely serving the people”. In the first half of the year, continuous daily financial education reached a total of 656 million financial consumers.

In the first half of the year, the Bank processed 164,400 complaints from financial consumers, achieving a 100% complaint resolution rate, with all complaints addressed promptly. The complaints primarily involved credit card business (63,000 cases, accounting for 38.3%), personal loan business (43,800 cases, accounting for 26.6%), debit card business (40,000 cases, accounting for 24.3%), and other businesses (17,600 cases, accounting for 10.7%), distributed in Guangdong Province (6.8%), Jiangsu Province (3.4%), Beijing (2.1%), and Shanghai (2.1%) and other regions.

The Bank has continuously advanced the diversified resolution mechanism for disputes and conflicts, updating the information about mediation institutions on the official website of BOCOM to ensure the transparency and openness in disclosing information on mediation organizations. In the first half of the year, the Bank participated in a total of 4,976 financial dispute mediation cases, representing a year-on-year increase of 42.91%.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The audit department of the Bank supervised and inspected the quality and effectiveness of consumer rights and interests protection during the annual consumer protection special audit. The audit findings were reported to the Social Responsibility (ESG) and Consumer Protection Committee of the Board of Directors and also submitted to the Board of Directors for review. Key focus areas included the system construction and mechanism operation of consumer protection, complaint management and root cause rectification, consumer protection review, product promotion and marketing, information disclosure, consumer information protection, employee behavior control, and publicity and education. As of the end of June 2025, the rectification rate of consumer protection audit findings in the previous year was 93.8%.

(II) Services for inclusive small and micro enterprises

Please refer to the section of “Business Review”.

III. RURAL REVITALIZATION

(I) Financial Support for Rural Revitalization

The Bank continued to strengthen policy guarantees for rural financial services, and focused on enhancing the availability of credit in the “agriculture, rural areas and rural residents” sector.

The Bank intensified financial support in key sectors. By focusing on ensuring national food security, it strengthened financial services in key links including the production of grain and essential agricultural products, the revitalization of seed industry, and the construction of high-standard farmland. Proactive support was extended to the construction of agricultural and rural infrastructure and the integrated development of the primary, secondary, and tertiary industries in rural areas. The Bank also strengthened financial support for competitive specialty industries in key assisted counties and poverty-stricken areas.

The Bank expanded the supply of agricultural-related financial products. It innovatively developed standardized products such as “Yinong Kuai Dai” and customized products for specific agricultural scenes, meeting the differentiated financing needs of agricultural business entities. The Bank promoted the proactive credit granting model to support the development of technology-based agricultural enterprises. As at the end of the Reporting Period, the balance of agricultural-related loans was RMB761.314 billion, representing an increase of RMB17.165 billion or 2.31% from the end of the previous year.

The Bank strengthened the construction of rural financial service channels, vigorously promoting rural revitalization-themed cards. As at the end of the Reporting Period, a total of 5.0234 million cards were issued, representing a net increase of 601,900 from the end of the previous year. The Bank continued advancing the “BOCOM On-cloud” remote video services, consistently improving the integrated online-offline channel services at the county level.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Paired Assistance

The Bank has strictly adhered to the national requirements of “continuing poverty alleviation policies and government supervision for previously impoverished populations, villages, and counties until their status is secure”, and continuously provided paired assistance to Tianzhu County in Gansu Province, Litang County in Sichuan Province, and Hunyuan County in Shanxi Province. Leveraging its financial sector strengths, the Bank called for the joint efforts of social forces to resolutely hold the bottom line of preventing a return to poverty. Efforts were made around the five major areas in revitalization to forge a strong synergy for consolidating and expanding the achievements of poverty alleviation and advancing rural revitalization.

The Bank continuously strengthened the building of paired assistance cadre team, cultivating “leading geese” to lead the impoverished people in advancing comprehensive rural revitalization. The Bank actively carried out talent training, covering a total of 4,474 people including grassroots cadres, technicians, and rural revitalization leaders in counties for paired assistance.

The Bank deepened consumption-based assistance by carrying out special activities such as the “Spring Festival Action”, offline exhibitions and sales, and credit card promotion through the Go Pay APP, and improved the mechanism for agricultural products from assisted areas to enter exhibitions to broaden the channels for consumption-based assistance.

The Bank innovated assistance models by building “Sci-Tech Classrooms” for assisted counties to enhance their sci-tech education. The Bank established an educational charity trust in Litang County, providing public welfare support for students in the compulsory education stage.

SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any material litigation and arbitration that had significant impact³ on its operating activities. As at the end of the Reporting Period, the Group was involved in certain outstanding litigations and arbitrations as defendant with an amount of approximately RMB1.083 billion.

II. PUNISHMENT

During the Reporting Period, neither the Bank, nor any of its Directors, Supervisors or Senior Management was subject to any investigation by competent authorities, any enforcement measures by judiciary authorities, any transferring to the judiciary authorities for criminal responsibilities, any investigation or administrative penalty by the CSRC, any prohibition from access to market or disqualification, any material administrative penalty by administrative departments including environmental, safety supervision and tax departments and any other administrative departments, or any situations of being suspected of serious violations of discipline and law or job-related crimes, being detained by the discipline inspection and supervision organ, being unable to perform duties and being taken administrative supervision measures by the CSRC or disciplinary sanctions by the stock exchange.

III. INTEGRITY

During the Reporting Period, neither did the Group refuse to execute any court orders nor fail to settle any significant due debts involving litigation.

IV. RELATED PARTY TRANSACTIONS

(I) Significant Related Party Transactions under Regulatory Standards of the NFRA

During the Reporting Period, the Bank entered into some significant related party transactions with related parties – BOCOM Leasing Management Hong Kong Company Limited (“BOCOM Leasing Management”), BOCOM Leasing Development Hong Kong Company Limited (“BOCOM Leasing Development”), Rong Kong United Finance Co., Limited (“Rong Kong United”). The 21st meeting of the 10th Board of Directors of the Bank deliberated and approved the above transaction, based on which special meetings of independent directors were held and independent directors issued written opinions before submitting for deliberation. The six independent directors all believed that the above transactions met the requirements of the regulatory authorities on fairness and compliance of related party transactions and had fulfilled the business review and approval procedures.

In accordance with *Order No. 1*, the Bank shall disclose the transactions one by one on its website within 15 working days after the signing of the contract, and report to the regulator in the meantime. The details are as follows:

³ “Material litigation and arbitration” was based on “Any litigation that commercial banks involved in, each of which the amount exceeded 1% of the net assets attributable to shareholders of the Bank from the audited consolidated financial statements of the previous year, shall be announced in a timely manner” from Article 19 of the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 26 – Special Provisions on Information Disclosure by Commercial Banks (2022 Revision)* issued by the CSRC.

SIGNIFICANT EVENTS

1. Basic information of related parties

- (1) BOCOM Leasing Management. Established in Hong Kong in October 2015, BOCOM Leasing Management is indirectly wholly owned by Bank of Communications Financial Leasing Co., Ltd. (hereinafter referred to as “Bank of Communications Financial Leasing”), a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, the registered place is 18/F, 20 Pedder Street, Central, HK.
- (2) BOCOM Leasing Development. Established in Hong Kong in October 2015, BOCOM Leasing Management is indirectly wholly owned by Bank of Communications Financial Leasing, a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, the registered place is 1/F Far East Consortium BLDG, 121 Des Voeux RD Central, HK.
- (3) Rong Kong United Finance. Established in Hong Kong in February 2015, Rong Kong United Finance is indirectly wholly owned by Bank of Communications Financial Leasing, a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, the registered place is 18/F, 20 Pedder Street, Central, Hong Kong.

2. Related party transactions

Pursuant to the resolution of the Board of Directors, the Bank and its offshore branches have signed the following contracts with the aforementioned institutions:

- (1) The Bank and its offshore branches signed eight loan contracts with BOCOM Leasing Management, with a total agreement amount of USD5.85 billion from 27 March 2025 to 12 May 2025. The expiration date of the above contracts falls on 30 April 2026, and the maximum business period is not more than 6 months, three years or five years. After the signing of the contracts, the cumulative transaction amounts reached the criteria for re-identification of major related party transactions as stipulated in *Order No. 1*.
- (2) The Bank and its offshore branches signed eight loan contracts with BOCOM Leasing Development, with a total agreement amount of USD4.1 billion from 27 March 2025 to 12 May 2025. The expiration date of the above contracts falls on 5 March 2026, 30 April 2026, respectively, and the maximum business period is not more than three years or five years. After the signing of the contracts, the cumulative transaction amounts reached the criteria for re-identification of major related party transactions as stipulated in *Order No. 1*.
- (3) The Bank and its offshore branches signed three loan contracts with Rong Kong United Finance, with a total agreement amount of USD3 billion from 31 March 2025 to 12 May 2025. The expiration date of the above contracts falls on 30 April 2026, and the business period is not more than three years. After the signing of the contracts, the cumulative transaction amounts reached the criteria for re-identification of major related party transactions as stipulated in *Order No. 1*.

SIGNIFICANT EVENTS

The above businesses follow the principle of market-oriented pricing, being not superior to the Bank's pricing or quotation for non-related parties of the same type and level or the pricing or quotation for similar business conducted by inter-bank financial institutions with the above institutions. The specific interest rate shall be determined by negotiation between the parties to the transaction according to the above pricing policy at each round of fund withdrawal.

(II) Related Party Transactions with Connected Natural Persons under the Standards of the CSRC and the SSE

According to the *CSRC's Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 26 – Special Provisions on Information Disclosure by Commercial Banks*. At the end of the Reporting Period, the loan balance between the Bank and related natural persons amounted to RMB116,700, and the overdraft limit of credit cards (including the credit undrawn) for related natural persons amounted to RMB8.9559 million.

V. MATERIAL CONTRACTS AND PERFORMANCE OF OBLIGATIONS THEREUNDER

(I) Material Trust, Sub-contract and Lease

During the Reporting Period, the Bank did not hold in trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations, and no other corporation held in trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets.

(II) Material Guarantees

The provision of guarantees was one of the off-balance sheet businesses carried out by the Bank in its ordinary course of business. During the Reporting Period, the Bank did not provide any material guarantees that need to be disclosed except for the financial guarantee services within the business scope as approved by the regulatory authority.

VI. AUDIT COMMITTEE

The Bank has established an Audit Committee under the Board of Directors in accordance with the requirements of the Hong Kong Listing Rules. The Audit Committee is mainly responsible for proposing the appointments, re-appointments or removals of the Bank's auditors who conduct regular statutory audits of the Bank's financial reports and the Committee is also responsible for specific implementation matters, monitoring and evaluating the Bank's relationship with the external auditors and the works of the external auditors, guiding, assessing and evaluating the internal audit work and the implementation of internal audit system, reviewing the Bank's financial information and disclosure, examining the Bank's accounting policies and practices, financial position and financial reporting procedures, and monitoring and evaluating the effectiveness and implementation of the Bank's internal controls.

SIGNIFICANT EVENTS

As at the date of this report, the Audit Committee comprised six members, including Ms. Li Xiaohui, Mr. Chang Baosheng, Mr. Ai Dong, Mr. Shi Lei, Mr. Zhang Xiangdong and Mr. Wong Tin Chak. Ms. Li Xiaohui, independent non-executive director, served as the chairman. The Audit Committee and the senior management have reviewed the Bank's accounting policies and practices and discussed issues relating to internal controls and financial reporting including reviewing this Report. At the same time, the Committee is also responsible for the coordination of the Bank's senior management, internal audit department and other relevant departments as well as their communication with the external auditors so as to ensure that the internal audit department has sufficient resources to operate within the Bank and has appropriate status.

VII. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Bank required that the Directors, Supervisors and Senior Management of the Bank to strictly adhere to the *Management Rules for the Shares Held by Directors, Supervisors and Senior Managers of Listed Companies and their Changes* of the CSRC and the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix C3 to the Hong Kong Listing Rules. Also, the Bank adopted a set of standards not less exacting than those mentioned above for the securities transactions of the Directors, Supervisors and Senior Management. Having made enquiry, all the Directors, Supervisors and Senior Management of the Bank confirmed that the securities transactions conducted by them were in compliance with the above rules during the Reporting Period.

VIII. APPOINTMENT OF AUDITORS

With the approval at the 2024 Annual General Meeting, the Bank has appointed KPMG Huazhen LLP to perform the audit of the financial statements prepared by the Group in accordance with China Accounting Standards, the internal control audit and other related professional services and appointed KPMG to perform the audit of the financial statements prepared by the Group in accordance with IFRSs and to provide other related professional services. The term of appointment commenced upon the approval on the date of the Bank's 2024 Annual General Meeting and will end upon the conclusion of the Bank's 2025 Annual General Meeting.

IX. USE OF PROCEEDS

In accordance with the *Approval on the Registration of the Issuance of Shares to Specific Targets by Bank of Communications Co., Ltd.* (Zheng Jian Xu Ke [2025] No. 1081) issued by the CSRC in May 2025, the Bank completed the issuance of 14,101,057,578 RMB ordinary shares (A shares) to Ministry of Finance, CNTC and CDIC in June 2025. After deducting issuance expenses, the actual net proceeds was approximately RMB119,940,554,882.23. The proceeds were used for the purposes as disclosed in the prospectuses, namely, supplementing the Bank's core tier-1 capital to support future business development.

For the plan of the use of proceeds disclosed in the public disclosure documents such as prospectuses and offering prospectuses previously issued by the Bank, the implementation progresses are in line with the planning as described after verification and analysis.

SIGNIFICANT EVENTS

X. PERFORMANCE OF UNDERTAKINGS

Undertakings during or carried forward to the Reporting Period by shareholders of the Bank and other undertakings related parties:

Background of undertaking	Type of undertaking	Undertaking entity	Details of undertaking	Time of undertaking	Period of undertaking	Any period for performance	Whether timely and strictly performed
Undertakings in connection with the issuance of shares to specific targets	Shares lock-up	Ministry of Finance	Undertaking on shares lock-up in related to shareholding period of shareholders	June 2025	Five years from the date when the equity in the A share issuance is acquired for the A shares subscribed under the issuance	Yes	Yes
			Undertaking on shares lock-up in related to shareholding period of shareholders	June 2025	18 months from the date when the equity in the A share issuance is acquired for all shares of BOCOM	Yes	Yes
	Shares lock-up	CNTC	Undertaking on shares lock-up in related to shareholding period of shareholders	June 2025	Five years from the date when the equity in the A share issuance is acquired for the A shares subscribed under the issuance	Yes	Yes
	Shares lock-up	CDIC	Undertaking on shares lock-up in related to shareholding period of shareholders	June 2025	Five years from the date when the equity in the A share issuance is acquired for the A shares subscribed under the issuance	Yes	Yes
	Others	Directors and senior management of the Bank	Undertakings in relation to the remedial measures for dilution of immediate returns	June 2025	Long-term	Yes	Yes

During the Reporting Period, the Bank did not have any undertaking that had been duly fulfilled and completed. As at the end of the Reporting Period, the Bank did not have any expired undertaking that had not been duly performed.

XI. COOPERATION WITH STRATEGIC INVESTORS

During the Reporting Period, CNTC and CDIC participated in the issuance of A shares by the Bank to specific targets as strategic investors and signed a strategic cooperation agreement with the Bank. The Bank established a work-related regular communication mechanism with CNTC and CDIC and held meetings among management from time to time. CNTC and CDIC, based on their positions as a strategic investor, kept a close eye on the development trend of the banking industry, and provide the Bank with reasonable and feasible opinions and suggestions on the Bank's development strategy, capital operation plan, dividend level, etc. The Bank, CNTC and CDIC, in adherence to the principle of "long-term cooperation, reciprocal benefit and mutual development", fully leveraged their advantages and actively sought long-term mutual strategic interests that complement each other. During the Reporting Period, the Bank, CNTC and CDIC earnestly fulfilled the relevant obligations under the strategic cooperation agreement and strengthened the bank-enterprise cooperation in the financial services of the industrial chain by leveraging their respective advantages.

LIST OF INSTITUTIONS

LIST OF DOMESTIC PROVINCIAL BRANCHES AND DIRECTLY MANAGED BRANCHES OF HEAD OFFICE

Region	Name	Address
Yangtze River Delta	Shanghai Branch	No. 200 Jiangxi Middle Road, Huangpu District, Shanghai
	Jiangsu Provincial Branch	No. 218 Lushan Road, Jianye District, Nanjing City, Jiangsu Province
	Suzhou Branch	No. 28 Suhui Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province
	Wuxi Branch	No. 8 Second Jinrong Street, Binhu District, Wuxi City, Jiangsu Province
	Zhejiang Provincial Branch	No. 1-39 Juyuan Road, Sijiqing Subdistrict, Shangcheng District, Hangzhou City, Zhejiang Province
	Ningbo Branch	No. 455 Haiyan North Road, Yinzhou District, Ningbo City, Zhejiang Province
	Anhui Provincial Branch	Intersection of Huizhou Avenue and Jialingjiang Road, Baohe District, Hefei City, Anhui Province
Pearl River Delta	Fujian Provincial Branch	No. 116 Hudong Road, Gulou District, Fuzhou City, Fujian Province
	Xiamen Branch	No. 9-1 Hubin Middle Road, Siming District, Xiamen City, Fujian Province
	Guangdong Provincial Branch	No. 11 Xiancun Road, Tianhe District, Guangzhou City, Guangdong Province
	Shenzhen Branch	No. 3018 Shennan Middle Road, Futian District, Shenzhen City, Guangdong Province
Bohai Rim Economic Zone	Beijing Branch	No. 22 Jinrong Street, Xicheng District, Beijing
	Tianjin Branch	No. 7 Youyi Road, Hexi District, Tianjin City
	Hebei Provincial Branch	No. 26 Ziqiang Road, Qiaoxi District, Shijiazhuang City, Hebei Province
	Shandong Provincial Branch	No. 98 Gongqingtuan Road, Shizhong District, Jinan City, Shandong Province
	Qingdao Branch	Building 4, No. 156 Shenzhen Road, Laoshan District, Qingdao, Shandong Province
Central China	Shanxi Provincial Branch	No. 5 Qingnian Road, Yingze District, Taiyuan City, Shanxi Province
	Jiangxi Provincial Branch	No. 199 Huizhan Road, Honggutan New District, Nanchang City, Jiangxi Province
	Henan Provincial Branch	No. 11 Zhenghua Road, Jinshui District, Zhengzhou City, Henan Province
	Hubei Provincial Branch	No. 847 Jianshe Avenue, Jiangnan District, Wuhan City, Hubei Province
	Hunan Provincial Branch	No. 447 Wuyi Avenue, Furong District, Changsha City, Hunan Province

LIST OF INSTITUTIONS

Region	Name	Address
	Guangxi Branch	Office Building No.1, Nanning Urban Construction Group Headquarters Lot Project, No.15 Yunying Road, Liangqing District, Nanning City, Guangxi Zhuang Autonomous Region
	Hainan Provincial Branch	No. 45 Guomao Avenue, Longhua District, Haikou City, Hainan Province
Western China	Inner Mongolia Branch	No. 18 Xinhua East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region
	Chongqing Branch	No. 3 Jiangbei City West Street, Jiangbei District, Chongqing City
	Sichuan Provincial Branch	No. 211 West Yulong Street, Qingyang District, Chengdu City, Sichuan Province
	Guizhou Provincial Branch	East Third Tower, Financial City, Guanshanhu District, Guiyang City, Guizhou Province
	Yunnan Provincial Branch	No. 397 Baita Road, Panlong District, Kunming City, Yunnan Province
	Tibet Branch	101 and 102, 1st floor, Building 3, Jinxiyuan, Dunzhu Financial City, south of National Road 318 and west of Financial Road, Lhasa City, Tibet Autonomous Region
	Shaanxi Provincial Branch	No. 88 Xixin Street, Xincheng District, Xi'an City, Shaanxi Province
	Gansu Provincial Branch	No. 129 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province
	Ningxia Hui Branch	No. 64 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region
	Xinjiang Region Branch	No. 16 Dongfeng Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region
North Eastern China	Qinghai Provincial Branch	No. 67 Wusi West Road, Chengxi District, Xining City, Qinghai Province
	Liaoning Provincial Branch	No. 258-1 Shifu Road, Shenhe District, Shenyang City, Liaoning Province
	Dalian Branch	No. 6 Zhongshan Square, Zhongshan District, Dalian City, Liaoning Province
	Jilin Provincial Branch	No. 3535 Renmin Street, Chaoyang District, Changchun City, Jilin Province
	Heilongjiang Provincial Branch	No. 428 Youyi Road, Daoli District, Harbin City, Heilongjiang Province

Note: For the address and contact information of the business outlets of the Bank, please visit the Bank's official website (www.bankcomm.com) and click on "Branch Inquiry" for relevant information.

LIST OF INSTITUTIONS

LIST OF OVERSEAS BANKING INSTITUTIONS

Name	Address
Hong Kong Branch/Bank of Communications (Hong Kong) Limited	Unit B B/F & G/F, Unit C G/F, 1 – 3/F, 16/F Room 01 & 18/F, Wheelock House, 20 Pedder Street, Central, Hong Kong, the PRC
New York Branch	ONE EXCHANGE PLAZA 55 BROADWAY, 31ST & 32ND FLOOR, NEW YORK NY 10006-3008, U.S.A.
San Francisco Branch	575 MARKET STREET, 38th FLOOR, SAN FRANCISCO, CA 94105, U.S.A.
Tokyo Branch	SANYO Group Building, 1-3-5 Nihombashi, Chuo-ku, Tokyo, Japan
Singapore Branch	128 Beach Road #25-01 Guoco Midtown, Singapore 189733
Seoul Branch	6th DouZone Tower. #29, Eulji-ro, Jung-Gu, Seoul, 04523, Korea
Frankfurt Branch	Neue Mainzer Strasse 75, 60311 Frankfurt am Main, Germany
Macau Branch	16th Floor, AIA Tower, No. 251A-301, Avenida Commercial De Macau, the PRC
Ho Chi Minh City Branch	17th floor, Vincom Center, 72 Le Thanh Ton, Dist.1, HCMC, VN
Sydney Branch	Level 23, 60 Martin Place, Sydney NSW2000, Australia
Brisbane Branch	Level 35, 71 Eagle Street, Brisbane QLD4000, Australia
Melbourne Branch	Level 34 Rialto South Tower, 525 Collins Street, Melbourne VIC, 3000, Australia
Taipei Branch	A Wing, 29th Floor, No. 7, Section 5, Xinyi Road, Taipei (101 Tower), Taiwan, the PRC
London Branch	4th Floor, 1 Bartholomew Lane, London EC2N 2AX UK
Luxemburg Branch/Bank of Communications (Luxembourg) Co., Ltd.	7 Rue de la Chapelle, L-1325 Luxembourg, Luxembourg
Bank of Communications (Luxembourg) S.A. Paris Branch	3 Square de l'Opéra Louis Jouvet – 5 rue Boudreau, 75009 Paris, France.
Bank of Communications (Luxembourg) S.A. Rome Branch	3rd floor, Piazza Barberini 52, Rome. 00187, Italy
Bank of Communications (Brazil) Co., Ltd.	Av Barão de Tefé, 34 -20th and 21st floor, Rio de Janeiro, Brazil, 20220-460
Prague Branch	7th floor, RUSTONKA R2, Rohanske nabrezi 693/10, Prague 8, 186 00, Czech Republic
Johannesburg Branch	140 West St, Sandown, Sandton, 2196, Johannesburg, South Africa
DIFC Branch	Unit 02, Level 30, Currency Tower 2, DIFC, P.O. Box 507386, Dubai, UAE
Toronto Representative Office	Suite 2460, 22 Adelaide Street West, Toronto, ON M5H 4E3, Canada

LIST OF INSTITUTIONS

LIST OF MAJOR SUBSIDIARIES

Name	Address
Bank of Communications Schroder Fund Management Co., Ltd.	No. 8 Century Avenue, Pudong New District, Shanghai
Bank of Communications International Trust Co., Ltd.	No. 847 Jianshe Avenue, Wuhan
Bank of Communications Financial Leasing Co., Ltd.	27-29/F, No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
BOCOM MSIG Life Insurance Company Limited	22-23/F, No. 333 Lujiazui Ring Road, Pudong New Area, Shanghai
BOCOM International Holdings Company Limited	No. 68 Des Voeux Road Central, Central, Hong Kong
China BOCOM Insurance Co., Ltd.	No. 8 Cotton Tree Drive, Central, Hong Kong
BOCOM Financial Asset Investment Co., Ltd.	No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
BOCOM Wealth Management Co., Ltd.	5F, 8-9/F, No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
Dayi BOCOM Xingmin Rural Bank Co., Ltd.	No. 168-170 Central Fumin Road, Dayi County, Chengdu City, Sichuan Province
Zhejiang Anji BOCOM Rural Bank Co., Ltd.	Tower 1, Changshuo Square, Changshuo Street, Anji County, Huzhou City, Zhejiang Province
Xinjiang Shihezi BOCOM Rural Bank Co., Ltd.	No. 127 Dongyi Road, Shihezi, Xinjiang Uygur Autonomous Region
Qingdao Laoshan BOCOM Rural Bank Co., Ltd.	Room 101, Building 1, No. 156 Shenzhen Road, Laoshan District, Qingdao, Shandong

APPENDIX – REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AND THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements		21 Investments in associates and joint ventures	
Report on review of interim financial information	94	22 Property and equipment	
Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income	95	23 Deferred income tax	
Unaudited interim condensed consolidated statement of financial position	97	24 Other assets	
Unaudited interim condensed consolidated statement of changes in equity	98	25 Due to and placements from banks and other financial institutions	
Unaudited interim condensed consolidated statement of cash flows	100	26 Financial liabilities at fair value through profit or loss	
Notes to the unaudited interim condensed consolidated financial statements	102	27 Deposits from customers	
1 General		28 Certificates of deposit issued	
2 Significant accounting policies		29 Debt securities issued	
3 Financial risk management		30 Other liabilities	
4 Net interest income		31 Share capital and capital surplus	
5 Fee and commission income		32 Other equity instruments	
6 Fee and commission expense		33 Other reserves and retained earnings	
7 Net gains/(losses) arising from trading activities		34 Dividends	
8 Other operating income		35 Non-controlling interests	
9 Credit impairment losses		36 Contingencies	
10 Other assets impairment losses		37 Commitments	
11 Other operating expenses		38 Collaterals	
12 Staff costs		39 Other comprehensive income	
13 Income tax		40 Notes to consolidated statement of cash flows	
14 Basic and diluted earnings per share		41 Consolidated structured entities	
15 Cash and balances with central banks		42 Unconsolidated structured entities	
16 Due from and placements with banks and other financial institutions		43 Transfers of financial assets	
17 Derivative financial instruments		44 Related party transactions	
18 Loans and advances to customers		45 Segmental analysis	
19 Financial investments		46 Non-adjusting events after reporting period	
20 Principal subsidiaries		47 Comparative figures	
		Unaudited supplementary financial information	192
		1 Currency concentrations	
		2 International claims	
		3 Overdue and restructured assets	
		4 Segmental information of loans	
		5 Loans and advances to customers	

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Bank of Communications Co., Ltd.

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

INTRODUCTION

We have reviewed the accompanying interim financial information, which comprises the interim condensed consolidated statement of financial position of Bank of Communications Co., Ltd. as at 30 June 2025, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 August 2025

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

	Note	Six months ended 30 June	
		2025	2024
Interest income		213,961	228,038
Interest expense		(128,714)	(143,804)
Net interest income	4	85,247	84,234
Fee and commission income	5	22,429	22,933
Fee and commission expense	6	(1,971)	(1,933)
Net fee and commission income		20,458	21,000
Net gains/(losses) arising from trading activities	7	10,669	12,089
Net gains/(losses) arising from financial investments		2,275	934
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>		560	104
Net gains/(losses) on investments in associates and joint ventures		242	307
Other operating income	8	14,607	13,986
Net operating income		133,498	132,550
Credit impairment losses	9	(32,814)	(33,021)
Other assets impairment losses	10	(531)	(467)
Other operating expenses	11	(53,243)	(51,384)
Profit before tax		46,910	47,678
Income tax	13	(455)	(1,853)
Net profit for the period		46,455	45,825

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

	Note	Six months ended 30 June	
		2025	2024
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		581	8,561
Amount reclassified to profit or loss		(1,317)	(801)
Expected credit losses of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		621	(254)
Amount reclassified to profit or loss		–	–
Effective portion of gains or losses on hedging instruments in cash flow hedges			
Amount recognised in equity		(1,083)	339
Amount reclassified to profit or loss		1,275	(31)
Translation differences for foreign operations		(97)	(34)
Others		(1,082)	(2,734)
Subtotal		(1,102)	5,046
Items that will not be reclassified subsequently to profit or loss:			
Actuarial revaluation on pension benefits		(5)	–
Changes in fair value of equity instruments designated at fair value through other comprehensive income		1,180	1,251
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss		331	(219)
Others		(223)	(460)
Subtotal		1,283	572
Other comprehensive income, net of tax	39	181	5,618
Total comprehensive income for the period		46,636	51,443
Net profit attributable to:			
Shareholders of the parent company		46,016	45,287
Non-controlling interests		439	538
		46,455	45,825
Total comprehensive income attributable to:			
Shareholders of the parent company		46,072	50,710
Non-controlling interests		564	733
		46,636	51,443
Basic and diluted earnings per share for profit attributable to holders of ordinary shares of the parent company (in RMB yuan)	14	0.59	0.56

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

	Note	As at 30 June 2025	As at 31 December 2024
ASSETS			
Cash and balances with central banks	15	751,611	717,354
Due from and placements with banks and other financial institutions	16	971,094	974,042
Derivative financial assets	17	57,897	100,375
Loans and advances to customers	18	8,777,937	8,351,131
Financial investments at fair value through profit or loss	19	602,018	656,152
Financial investments at amortised cost	19	2,667,177	2,581,793
Financial investments at fair value through other comprehensive income	19	1,151,871	1,082,144
Investments in associates and joint ventures	21	13,788	11,601
Property and equipment	22	244,781	238,949
Deferred tax assets	23	44,162	42,752
Other assets	24	153,069	144,424
Total assets		15,435,405	14,900,717
LIABILITIES AND EQUITY			
LIABILITIES			
Due to and placements from banks and other financial institutions	25	2,324,674	2,431,451
Financial liabilities at fair value through profit or loss	26	57,262	50,254
Derivative financial liabilities	17	50,196	85,473
Deposits from customers	27	9,171,358	8,800,335
Certificates of deposits issued	28	1,515,200	1,384,372
Income tax payable		4,979	8,056
Debt securities issued	29	711,828	691,248
Deferred tax liabilities	23	3,150	4,324
Other liabilities	30	291,988	289,607
Total liabilities		14,130,635	13,745,120
EQUITY			
Share capital	31	88,364	74,263
Other equity instruments	32	174,796	174,796
Including: Preference shares		44,952	44,952
Perpetual bonds		129,844	129,844
Capital surplus	31	217,261	111,420
Other reserves	33	457,600	435,562
Retained earnings	33	355,968	348,265
Equity attributable to shareholders of the parent company		1,293,989	1,144,306
Equity attributable to non-controlling interests of ordinary shares		8,081	7,706
Equity attributable to non-controlling interests of other equity instruments		2,700	3,585
Non-controlling interests	35	10,781	11,291
Total equity		1,304,770	1,155,597
Total equity and liabilities		15,435,405	14,900,717

The condensed consolidated financial statements were approved and authorised for issuance by the Board of Directors on 29 August 2025 and signed on its behalf by:

Ren Deqi
Chairman and Executive Director

Zhang Baojiang
Vice Chairman, Executive Director and President

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY																		
For the six months ended 30 June 2025																		
(All amounts presented in millions of RMB except when otherwise indicated)																		
	Equity attributable to shareholders of the parent company																Non-controlling interests	
	Other equity instruments				Other reserves													
	Share capital	Preference share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Attributable to other equity instruments		Total
	Note 31	Note 32	Note 32	Note 31	Note 33	Note 33	Note 33	Note 33						Notes 33,34		Note 32		
As at 1 January 2025	74,263	44,952	129,844	111,420	106,014	140,545	173,176	17,289	33	(25)	4,165	(104)	(5,331)	348,285	1,144,306	7,706	3,585	1,155,597
Total comprehensive income	-	-	-	-	-	-	-	455	331	192	(112)	(5)	(805)	46,016	46,072	497	67	46,636
Capital contribution by ordinary shareholders	14,101	-	-	105,839	-	-	-	-	-	-	-	-	-	-	119,940	-	-	119,940
Capital contribution and reduction by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(885)	(901)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,630)	(14,630)	(122)	-	(14,752)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67)	(67)
Transferred to reserves	-	-	-	-	8,009	-	14,017	-	-	-	-	-	-	(22,026)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(44)	-	-	-	-	-	44	-	-	-	-
Others	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2	-	-	2
As at 30 June 2025	88,364	44,952	129,844	217,261	114,023	140,545	187,193	17,700	364	167	4,053	(109)	(6,336)	355,988	1,293,989	8,081	2,700	1,304,770

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN

EQUITY (Continued)

For the six months ended 30 June 2024

(All amounts presented in millions of RMB except when otherwise indicated)

	Equity attributable to shareholders of the parent company														Non-controlling interests			
	Other reserves																	
	Other equity instruments																	
	Share capital Note 31	Preference share Note 32	Perpetual bonds Note 32	Capital surplus Note 31	Statutory reserve Note 33	Discretionary surplus Note 33	Statutory general reserve Note 33	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings Notes 33,34	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total
As at 1 January 2024	74,263	44,952	123,838	111,428	97,227	140,399	159,053	1,277	301	84	3,214	(88)	(662)	326,744	1,088,030	7,912	3,508	1,099,450
Total comprehensive income	-	-	-	-	-	-	-	7,345	(219)	307	(27)	-	(1,963)	45,287	50,710	642	91	51,443
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(27,849)	(27,849)	(170)	-	(28,019)
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(66)	(66)
Transferred to reserves	-	-	-	-	8,162	-	13,367	-	-	-	-	-	-	(21,529)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(39)	-	-	-	-	-	38	-	-	-	-
As at 30 June 2024	74,263	44,952	123,838	111,428	105,389	140,399	172,420	8,364	82	391	3,187	(88)	(2,645)	319,174	1,107,374	8,384	3,533	1,119,291

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

	Note	Six months ended 30 June	
		2025	2024
Cash flows from operating activities:			
Profit before tax:		46,910	47,678
Adjustments for:			
Provision for credit impairment losses		32,814	33,021
Provision for other assets impairment losses		531	467
Depreciation and amortization		9,913	9,512
Provision for outstanding litigation		(96)	51
Net gains on the disposal of property, equipment and other assets		(722)	(377)
Interest income on financial investments		(56,479)	(55,915)
Net (gains)/losses on fair value and foreign exchange		(5,079)	(1,693)
Net (gains)/losses on investments in associates and joint ventures		(242)	(307)
Net (gains)/losses arising from financial investments		(2,176)	(829)
Interest expense on debt securities issued		9,010	8,061
Interest expense on lease liabilities		88	89
Operating cash flows before movements in operating assets and liabilities		34,472	39,758
Net decrease in balances with central banks		14,837	29,330
Net decrease in due from and placements with banks and other financial institutions		7,338	7,550
Net increase in loans and advances to customers		(458,863)	(326,103)
Net decrease in financial assets at fair value through profit or loss		58,770	29,397
Net increase in other assets		(8,920)	(56,438)
Net decrease in due to and placements from banks and other financial institutions		(114,563)	(156,987)
Net increase in financial liabilities at fair value through profit or loss		10,127	2,007
Net increase in deposits from customers and certificates of deposit issued		505,951	199,135
Net increase in other liabilities		9,960	14,041
Net increase in value-added tax and other taxes payable		295	483
Income tax paid		(5,925)	(4,615)
Net cash flows generated from/(used in) operating activities		53,479	(222,442)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

	Note	Six months ended 30 June	
		2025	2024
Cash flows from investing activities:			
Cash payment for investment in subsidiaries, associated ventures and joint ventures		(1,973)	(117)
Cash payments for financial investments		(584,754)	(674,206)
Proceeds from disposal or redemption of financial investments		443,374	731,976
Dividends received		531	317
Interest received from financial investments		55,432	57,294
Acquisition of intangible assets and other assets		(582)	(274)
Cash received from the sale of intangible assets and other assets		20	6
Acquisition of property and equipment		(18,734)	(18,857)
Cash received from disposal of property and equipment		4,390	1,903
Net cash flows generated from/(used in) investing activities		(102,296)	98,042
Cash flows from financing activities:			
Cash received from the issuance of ordinary shares		120,000	—
Cash received from the issuance of other equity instruments		2,700	—
Proceeds from the issuance of debt securities		105,745	70,876
Repayment of principal and interest of lease liabilities		(1,066)	(1,119)
Repayment of principals of debt securities issued		(86,440)	(64,804)
Payment of interest on debt securities		(7,254)	(7,387)
Cash paid for redemption of other equity instruments		(3,601)	—
Dividends paid		(29,828)	(1,685)
Cash paid for the issuance of ordinary shares		(22)	—
Dividends paid to non-controlling interests		(91)	(77)
Net cash flows generated from/(used in) financing activities		100,143	(4,196)
Effect of exchange rate fluctuations on cash and cash equivalents held		956	(1,081)
Net changes in cash and cash equivalents		52,282	(129,677)
Cash and cash equivalents at the beginning of the period		161,950	275,461
Cash and cash equivalents at the end of the period	40	214,232	145,784
Net cash flows from operating activities include:			
Interest received		161,898	174,448
Interest paid		(124,793)	(133,318)

The accompanying notes form a part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

1 GENERAL

Bank of Communications Co., Ltd. (the “Bank”) is a national state-owned joint-stock commercial bank, headquartered and registered in Shanghai, which was reorganized on 1 April 1987 upon the approval of Notice Guo Fa (1986) No. 81 issued by the State Council of the PRC and Notice Yin Fa (1987) No. 40 issued by the People’s Bank of China (the “PBOC”).

The Bank possesses the Finance Permit No. B0005H131000001 issued by the China Banking and Insurance Regulatory Commission of the PRC with the registration number of 9131000010000595XD.

The principal activities of the Bank and its subsidiaries (the “Group”) include corporate and personal banking services, interbank and financial market business, financial leasing, fund management, wealth management, trustees, insurance, overseas securities, debt-to-equity swap and other related financial services.

2 SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of preparation

The unaudited interim condensed consolidated financial statements have been prepared in accordance with *International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”*, as well as with all applicable disclosure provisions of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. The principal accounting policies and methods of computation used in preparing the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial statements should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024, which have been audited.

(2) Changes in accounting policies

(a) Standards and amendments effective in 2025 relevant to and adopted by the Group

In the current reporting period, the Group has adopted the following amendment issued by the International Accounting Standards Board (“IASB”), that is mandatorily effective for the current reporting period.

		Note
Amendments to IAS 21	Lack of exchangeability	(i)

- (i) Description of this amendment was disclosed in the Group’s consolidated financial statements for the year ended 31 December 2024. The adoption of this amendment does not have a significant impact on the financial position or comprehensive income of the Group.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(2) Changes in accounting policies** *(Continued)****(b) Standards and amendments relevant to the Group that are not yet effective in the current reporting period and have not been adopted before their effective dates by the Group***

The Group has not adopted the following new or amended standards issued by the IASB and the International Financial Reporting Interpretations Committee, that have been issued but are not yet effective.

		Effective for annual periods beginning on or after	Notes
Amendments to IFRS 7 and IFRS 9	Classification and measurement of financial assets	1 January 2026	(i)
Amendments to IFRS 7 and IFRS 9	Contracts referencing nature-dependent electricity	1 January 2026	(i)
Annual improvements to IFRS Accounting Standards	Volume 11	1 January 2026	(i)
IFRS 18	Presentation and disclosure in financial statements	1 January 2027	(ii)
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027	(i)
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an Investor and Its associate or joint venture	The effective date has now been deferred.	(i)

(i) Descriptions of these standards and amendments were disclosed in the Group's consolidated financial statements for the year ended 31 December 2024. The Group anticipates that the adoption of these standards and amendments will not have a significant impact on the Group's financial information.

(ii) IFRS 18: Presentation and Disclosure in Financial Statements

Descriptions of this standard was disclosed in the Group's consolidated financial statements for the year ended 31 December 2024. The Group has not completed its assessment of the impact on the Group's consolidated financial statements of adopting IFRS 18.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(3) Significant accounting estimates and judgements in applying accounting policies

The preparation of this interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2024.

3 FINANCIAL RISK MANAGEMENT

Overview

The Group's operating activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of a certain degree of risks or a portfolio of risks. The Group's aim is to achieve an appropriate balance between risks and returns and minimise potential adverse effects on the Group's financial performance. The main types of financial risks are credit risk, liquidity risk, market risk, operational risk, etc.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, monitor the risks and to control the risk limits through reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets and products and the latest best practice.

Risk management framework

The Board of Directors sets out risk management strategies, overall risk preference and risk tolerance level. The senior management establishes risk management policies and procedures according to the strategies set by the Board of Directors. The Risk Management Department at Head Office serves as the chief department for the Group's risk management and leads the overall risk management duties, of which the crucial ones would be further designated to specific leading departments. The risk management division in each operation department at Head Office, in each domestic and overseas branch and in each subsidiary undertakes specific risk management function. Internal Audit Department is responsible for independent review of risk management and control environment.

(1) Credit risk

Credit risk is the risk of loss that a borrower or counterparty fails to or is unwilling to meet its obligations. Credit risk arises principally from loans and advances to customers, financial investments, derivative instruments and due from and placements with banks and other financial institutions. There is also credit risk in off-balance sheet items such as loan commitments, financial guarantees, acceptances and letters of credit. Credit risk is a major risk to which the Group is exposed. Therefore, the Group manages and controls the overall credit risk, integrated into the comprehensive risk management, in a prudent manner, and reports regularly to the Senior Management and the Board of Directors of the Group.

(a) Credit risk management

The Group's credit risk management is assumed by major functions such as Corporate and Institutional Banking Department, Inclusive Finance Department/Rural Revitalization Finance Department, Retail Credit Department, Pacific Credit Card Center, International Banking Department/Offshore Banking Center, Credit Management Department, Credit Approval Department, Risk Management Department, Non-Performing Asset Management Department, Financial institution Department (Commercial Paper Center)/Asset Management Center and Global Markets Department (Precious Metals Centre). They are responsible for the standardised management of corporate and retail credit businesses in terms of guidance on credit investment, credit investigation and report, credit approval, loan granting, post-loan management and non-performing loan management.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(i) Loans and advances to customers*

As for corporate loans, the Group's relationship managers are responsible for receiving application files submitted by the applicants, conducting pre-loan investigation, assessing the credit risk, and raising the proposed rating. The Group adopts the hierarchical approval system at the branch and Head Office level based on the credit approval authority. Credit line is determined by taking into account the credit record, financial position, collaterals and guarantees of the applicant, overall credit risk of the credit portfolio, macroeconomic regulation and control policies and relevant laws and regulations. The Group keeps a close eye on the economic and financial trend and credit risk profile in the industry, provides more guidance on credit investment, formulate guidance for different industries, strengthens daily risk pre-warning, monitoring and specific risk investigation, identify customers under major risks and potential risk points early, enhances the refinement of post-loan management and centers on customer credit risk management to carry out post-loan management. The independent loan granting centre shall review the compliance, completeness and effectiveness of relevant credit files when loan granting. The Group adopts a series of tools and approaches, such as risk filtering, risk investigation and risk warning, in daily risk monitoring of corporate loans. The Group manages non-performing loans mainly through (1) collection; (2) restructuring; (3) disposal of collaterals or recourse to the guarantors; (4) litigation or arbitration; (5) disposal.

For retail credit assets, the Group manages the overall risk profile of retail credit business through on-site review and adoption of reporting system on material matters, strengthens daily risk monitoring and pre-warning through optimising management system, standardises operation process of retail credit business through formulating business management system and combining relevant system function control, identifies and reveals material potential risks on a timely manner through strengthening risk monitoring and early-warning, and understands and forecasts the quality trends so as to adopt targeted risk control measures in advance by using stress testing and quality migration analysis. In addition, the Group continues to carry out fast response mechanism to address emergencies properly and maintains a list to manage those key risk projects through risk monitoring, guidance, collection and mitigation.

The Group adopts categorised management for retail credit assets on the basis of overdue ageing and guarantee type. With regard to retail credit customers with overdue loans, different approaches are adopted to collect such loans based on their overdue days.

Credit Card Centre of the Group is in charge of the operation and management of credit card business. Credit Card Centre of the Group adopts various supervisory and preventive measures. It reinforces data cross-validation to enhance risk prevention in the approval process, reduces risk exposure to high risk customers through customer classification and enters into the intervention process earlier than scheduled, effectively improves collection result through reasonable allocation of available resources, and optimises data analytic system to further enhance the management of credit card business.

(ii) Treasury business

For treasury business (including debt investments), the Group chooses banks and other financial institutions prudently and balances the credit risk and return rate of investments. By making reference to internal and external credit rating information, the Group approves credits of different levels and uses an appropriate credit limit management system to review and adjust credit lines, aiming to manage the credit risk exposed to the treasury business.

For debt securities, internal and external ratings (such as Standard and Poor's) are used by the Group when available for managing the credit risk exposed to debt securities and bills. The bond issuers involved with the Group are subject to the credit granting review and approval of the Head Office and branch based on the credit approval authority and credit limits are placed on such issuers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Credit risk *(Continued)*

(a) Credit risk management *(Continued)*

(ii) Treasury business (Continued)

Debt investments other than debt securities include investments in fund trust schemes, asset management plans and wealth management products set up by financial institutions. The Group implements a rating system for accepting trust companies, securities companies and fund companies, sets credit limits for repurchase parties of trust beneficiary right and ultimate borrowers of targeted asset management plans, and carries out follow-up risk management on a regular basis.

As for derivative instruments, the Group maintains strict limits on net open derivative investment positions (i.e., the difference between long and short contracts), by both amount and maturity. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which, in relation to derivative instruments, is only a fraction of the contract's notional amount used to express the amount outstanding. The management has set limits of these contracts according to counterparty, and regularly monitor and control the actual credit risk when the Group concludes foreign exchange and interest rate contracts with other financial institutions and clients.

The Group manages the credit quality of due from and placements with banks and other financial institutions, and balances arising from transactions for precious metals, by considering the size, financial position, the internal and external credit rating of the banks and other financial institutions. The Head Office monitors and reviews the credit risk of due from and placements with banks and other financial institutions by counterparties regularly. Limits are placed on different counterparties.

(iii) Credit-related commitments

Credit risk exposures to financial guarantees are the same as that of loans. However, commercial letters of credit are usually pledged by the relevant shipped goods, and therefore are subject to lower risk compared with direct loans. Credit-related commitments are included in the management of overall credit line granted to the applicant. For customers with transactions beyond the credit limit or infrequent transactions, the applicant shall be requested to provide relevant margin deposits in order to reduce credit risk exposures.

(iv) Credit risk quality

In accordance with the risk classification methods and procedures specified in the Measures for Risk Classification of Financial Assets of Commercial Banks (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People's Bank of China), the Group conducts classified management of financial assets. Financial assets are classified by their level of risk into the five categories of Normal, Special-mention, Substandard, Doubtful, and Loss, with the latter three collectively referred to as non-performing assets.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(iv) Credit risk quality (Continued)*

The core of the five categories are defined as follows:

Normal:	The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time.
Special-mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

(b) Expected credit loss ("ECL")

The Group measures the ECL of financial instruments at amortised cost or debt investments at Fair value through other comprehensive income ("FVOCI"). The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition to recognise ECL.

The Group measures the 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;
- 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.

Stage classification

The Group divides them into 3 stages. Stage 1 is "financial assets without significant increase in credit risk since initial recognition", at which the Group only needs to measure ECL in the next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECL.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss ("ECL")** *(Continued)**Significant increases in credit risk (Continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information, including forward-looking information. In particular, the following information is taken into account:

- Principal or interest of the instrument is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and the criteria are as follow:
 - (i) The changed internal and external ratings are worse than the Group's credit access standards;
 - (ii) The non-retail assets' internal ratings are downgraded by 3 ranks or above upon initial recognition;
 - (iii) Significant adverse issues have negative impacts on obligator's repayment ability;
 - (iv) Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which imply growing potential risk, and could cause losses of financial assets to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Definition of credit-impaired and default

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators. In general, the Group considers a financial instrument to be credit-impaired or otherwise in default when one or more of the following criteria have been met:

- Principal or interest of the asset is more than 90 days past due;
- The issuer or obligor is in significant financial difficulty, or has already become insolvent;
- It is becoming probable that the obligor will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss ("ECL")** *(Continued)**Description of parameters, assumptions and estimation techniques*

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit-impaired. ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)" under the three scenarios, which are defined as follows:

Probability of default (PD) is the probability of default occurring of a client and its assets in a given period of time in the future.

Exposure at default (EAD) represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses likely to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unused credit facilities as well as the related expenses to be incurred.

Loss given default (LGD) represents the percentage of amount of loss to be incurred in the event of default to the total risk exposure. It typically varies by nature of debtor, type and seniority of claim and the availability of collaterals or other credit risk mitigation.

Definition of default has been consistently applied to model establishment of probability of default (PD), exposure at default (EAD), loss given default (LGD) in ECL calculation throughout the Group.

Estimation of ECL: the impairment models

The impairment models adopt a top down approach. Through grouping, the models cover the risk exposures of financial institutions, corporates and retailers. The Group has established a macro-economic forecast model driven by the year-on-year Gross Domestic Product (GDP) growth rate to forecast values of macro-economic indicators in multiple categories, including national accounts, price index, foreign trades, fixed asset investments, currency and interest rates, under three scenarios, namely Basic Scenario, Optimistic Scenario and Pessimistic Scenario. The forecasts, after evaluation and confirmation by economic experts and senior management of the Bank, are used in asset impairment model. The macro scenario settings and the rationality of the weightings are reviewed and adjusted semiannually, based on changes in the internal and external economic environment.

As at 30 June 2025, the Group forecasts the 2025 year-on-year growth rate of GDP to be around 5% in the Basic Scenario. The Group fully considered the macroeconomic forecast for 2025 when evaluating the forecast information used in the impairment models.

The Group determined the weightings of Basic Scenario, Optimistic Scenario and Pessimistic Scenario with macro data analysis and expert's judgement and maintain relative stability.

Where impairment models could not be established due to lack of data support, the Group endeavoured to select appropriate methods in order to make prospective estimation. The Group made prospective adjustments to impairment calculation of overseas branches regularly based on macro-forecast data from authoritative institutions (such as IMF and the World Bank). For asset portfolios not covered by impairment models, expected loss rate was set by referring to that of similar asset portfolios with impairment models available. When the management believed that the forecast model could not fully reflect recent credit or economic events, management overlay adjustments could be used to supplement ECL allowances.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss (“ECL”)** *(Continued)**Grouping of instruments with similar credit risk characteristics*

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has considered the product type, customer type, customer industry, customer scale and other information to ensure the data reliability for statistical purposes. Where sufficient information is not available internally, the Group has leveraged supplementary data from both internal and external environments to help establish impairment model. Non-retail assets of the Group are mainly grouped according to industries, while retail assets are mainly grouped based on product types and so on. The Group re-evaluate the grouping of instruments annually.

Sensitivity analysis

The Group measures sensitivity analysis on the macro-economic indicators used in prospective estimation. As at 30 June 2025, if the optimistic/pessimistic scenario weighting increases or decreases by 10%, and the prediction of economic indicators changed correspondingly, the change of the impairment allowance does not exceed 5%.

(c) Maximum exposure to credit risk

The table below displays the maximum exposure credit risk of the Group as of the balance sheet date for debts without collaterals or other credit enhancement assets. As of on-balance sheet items, maximum exposure to credit risk refers to the carrying amount of financial assets after deducting credit losses.

	As at 30 June 2025	As at 31 December 2024
Cash and balances with central banks	739,207	703,767
Due from and placements with banks and other financial institutions	971,094	974,042
Derivative financial assets	57,897	100,375
Loans and advances to customers	8,777,937	8,351,131
Financial investments		
Financial investments at FVTPL	533,615	586,108
Financial investments at amortised cost	2,667,177	2,581,793
Financial investments at FVOCI	1,121,285	1,064,621
Other financial assets	103,578	91,925
Subtotal	14,971,790	14,453,762
Off-balance sheet loan commitments	2,393,623	2,371,629
Maximum exposure to credit risk	17,365,413	16,825,391

(i) financial instruments included in impairment assessment

The Group adopts credit rating methods to monitor the credit risk status of its debt instrument portfolio. The Group classified the credit risk levels of financial assets measured by ECL into “Low” (credit risk in good condition), “Medium” (increased credit risk), and “High” (credit risk in severe condition), based on the quality of assets. The credit risk level is used for the purpose of the Group's internal credit risk management. “Low” refers to assets with good credit quality. There is no sufficient reason to doubt that the assets are not expected to fulfill its contractual obligation to repay or if there is any other behaviors breaching the debt contracts that would significantly impact the repayment of debt according to contract terms. “Medium” refers to assets facing obvious negative factors impacting its repayment capacity, but not yet have non-repayment behaviors. “High” refers to non-repayment according to the debt contract terms, or other behaviors breaching the debt contracts or having significant impact on the repayment of debt according to contract terms.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Maximum exposure to credit risk (Continued)

(i) financial instruments included in impairment assessment (Continued)

The following table is the summary of the Group's credit risk exposure of the main financial instruments included in the ECL assessment scope. The maximum exposure to credit risk represents the worst credit risk exposure at the end of each reporting period, without taking account of any collateral held or other credit enhancements. The credit risk exposure to the Group primarily arises from credit and treasury operations. Off balance sheet items such as loan commitment, credit card commitment, Banker's acceptance, letter of guarantee, guarantee and letter of credit also include credit risk. The credit risk exposure is mainly distributed in stage I, and its credit risk rating is "low".

As at 30 June 2025	Low risk	Medium risk	High risk	Domestic branches	Overseas and subsidiaries	Group total	Allowance for impairment losses	Maximum exposure to credit risk
On-balance sheet item								
Cash and balances with central banks								
(Stage 1)	702,052	-	-	702,052	37,155	739,207	-	739,207
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	5,223,563	89,703	60,543	5,373,809	467,993	5,841,802	(166,012)	5,675,790
Stage 1	5,137,043	-	-	5,137,043	382,325	5,519,368	(81,155)	5,438,213
Stage 2	86,520	89,703	-	176,223	69,047	245,270	(38,092)	207,178
Stage 3	-	-	60,543	60,543	16,621	77,164	(46,765)	30,399
at FVOCI	323,531	-	16	323,547	2,773	326,320	-	326,320
Stage 1	321,883	-	-	321,883	2,773	324,656	-	324,656
Stage 2	1,648	-	-	1,648	-	1,648	-	1,648
Stage 3	-	-	16	16	-	16	-	16
Loans and advances to customers-Personal								
(Excluding accrued interest)								
at amortised cost	2,679,696	42,031	37,501	2,759,228	71,131	2,830,359	(71,492)	2,758,867
Stage 1	2,659,361	-	-	2,659,361	67,539	2,726,900	(25,286)	2,701,614
Stage 2	20,335	42,031	-	62,366	3,255	65,621	(19,142)	46,479
Stage 3	-	-	37,501	37,501	337	37,838	(27,064)	10,774
Due from and placements with banks and other financial institutions								
Stage 1	681,649	-	-	681,649	294,634	976,283	(5,189)	971,094
Stage 2	681,649	-	-	681,649	288,464	970,113	(5,184)	964,929
Stage 3	-	-	-	-	6,170	6,170	(5)	6,165
Financial investments at amortised cost								
Stage 1	2,572,146	1,535	2,131	2,575,812	94,973	2,670,785	(3,608)	2,667,177
Stage 2	2,572,146	-	-	2,572,146	90,191	2,662,337	(1,395)	2,660,942
Stage 3	-	1,535	-	1,535	4,039	5,574	(644)	4,930
Stage 3	-	-	2,131	2,131	743	2,874	(1,569)	1,305
Debt investments at FVOCI								
Stage 1	593,745	118	-	593,863	527,422	1,121,285	-	1,121,285
Stage 2	593,745	-	-	593,745	522,756	1,116,501	-	1,116,501
Stage 3	-	118	-	118	4,644	4,762	-	4,762
Stage 3	-	-	-	-	22	22	-	22
On-balance sheet total	12,776,382	133,387	100,191	13,009,960	1,496,081	14,506,041	(246,301)	14,259,740

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Maximum exposure to credit risk (Continued)

(i) financial instruments included in impairment assessment (Continued)

As at 31 December 2024	Low risk	Medium risk	High risk	Domestic branches total	Overseas and subsidiaries	Group total	Allowance for impairment losses	Maximum exposure to credit risk
On-balance sheet item								
Cash and balances with central banks								
(Stage 1)	677,272	–	–	677,272	26,495	703,767	–	703,767
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	4,881,345	82,045	63,097	5,026,487	460,839	5,487,326	(156,564)	5,330,762
Stage 1	4,802,721	–	–	4,802,721	378,121	5,180,842	(72,613)	5,108,229
Stage 2	78,624	82,045	–	160,669	63,994	224,663	(34,892)	189,771
Stage 3	–	–	63,097	63,097	18,724	81,821	(49,059)	32,762
at FVOCI	312,290	1,007	13	313,310	2,063	315,373	–	315,373
Stage 1	306,504	–	–	306,504	2,063	308,567	–	308,567
Stage 2	5,786	1,007	–	6,793	–	6,793	–	6,793
Stage 3	–	–	13	13	–	13	–	13
Loans and advances to customers-Personal								
(Excluding accrued interest)								
at amortised cost	2,611,949	41,192	29,543	2,682,684	69,722	2,752,406	(66,186)	2,686,220
Stage 1	2,590,209	–	–	2,590,209	65,939	2,656,148	(24,422)	2,631,726
Stage 2	21,740	41,192	–	62,932	3,500	66,432	(20,581)	45,851
Stage 3	–	–	29,543	29,543	283	29,826	(21,183)	8,643
Due from and placements with banks and other financial institutions								
Stage 1	685,814	–	–	685,814	292,211	978,025	(3,983)	974,042
Stage 2	685,814	–	–	685,814	286,104	971,918	(3,973)	967,945
Stage 3	–	–	–	–	6,107	6,107	(10)	6,097
Financial investments at amortised cost	2,488,290	2,363	1,229	2,491,882	93,446	2,585,328	(3,535)	2,581,793
Stage 1	2,488,290	–	–	2,488,290	89,222	2,577,512	(1,504)	2,576,008
Stage 2	–	2,363	–	2,363	3,891	6,254	(949)	5,305
Stage 3	–	–	1,229	1,229	333	1,562	(1,082)	480
Debt investments at FVOCI	555,507	399	–	555,906	508,715	1,064,621	–	1,064,621
Stage 1	555,507	–	–	555,507	504,644	1,060,151	–	1,060,151
Stage 2	–	399	–	399	4,020	4,419	–	4,419
Stage 3	–	–	–	–	51	51	–	51
On-balance sheet total	12,212,467	127,006	93,882	12,433,355	1,453,491	13,886,846	(230,268)	13,656,578

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)**(ii) Financial instruments not included in impairment assessment*

The analysis of credit risk exposure of those financial assets measured at fair value through profit or loss ("FVTPL") which are not included in the impairment assessment are as follows:

	As at 30 June 2025	As at 31 December 2024
Financial assets at FVTPL		
Derivative financial instruments	57,897	100,375
Loans and advances to customers	18	17
Financial investments at FVTPL	533,615	586,108
Total	591,530	686,500

(iii) Collaterals and other credit enhancements

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparty, groups, industry segments and geographical regions.

The Group optimises its credit risk structure by placing limits in relation to one borrower, or group of borrowers. Such risks are monitored by the Group on a regular basis and subject to annual or more frequent review, whenever necessary.

The exposure to any single borrower including banks and brokers is further restricted by sub-limits covering on – and off – balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. The Group monitors the actual credit risk exposure and credit limits on a daily basis.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet principal and interest repayment obligations. The Group will change their lending limits when appropriate based on the analysis.

Some other specific control and risk mitigation measures are outlined below.

Collaterals

The Group employs a range of policies and practices to mitigate credit risk. The most common practice is to accept collaterals or pledges. The Group implements guidelines on the acceptability of specific classes of collaterals and pledges. The principal types of collaterals and pledges for loans and advances to customers are:

- Residential properties;
- Business assets such as premises, inventory and receivables;
- Financial instruments such as debt securities and stocks.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)***(iii) Collaterals and other credit enhancements** *(Continued)***Collaterals** *(Continued)*

The value of collaterals at the time of loan origination is subject to loan-to-value ratio limits based on collateral types. The principal types of collaterals for corporate loans and personal loans are as follows:

Collaterals	Maximum loan-to-value ratio
Cash deposits with the Group	90%
PRC treasury bonds	90%
Financial institution bonds	90%
Publicly traded stocks	60%
Rights to collect fees or right of management	65%
Properties	70%
Land use rights	70%
Vehicles	50%

Long-term loans and advances to corporate and personal customers are generally secured. In addition, in order to minimise the credit loss the Group will strengthen collection through short message reminders, telephone calls, letters, judicial proceedings and other means as soon as impairment indicators are noted for the personal loans and advances.

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collaterals and pledges held as security for financial assets other than loans and advances to customers are determined by the nature of the instrument. Debt securities, PRC treasury bonds and the PBOC bills are generally unsecured, with the exception of asset-backed securities, which are secured by portfolios of financial instruments.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

As at 30 June 2025	Gross exposure	Impairment allowance	Carrying amount	Exposure covered by collateral
Credit impaired assets				
Loans and advances to customers				
Loans and advances to customers at amortised cost	115,002	(73,829)	41,173	57,742
Loans and advances to customers at FVOCI	16	–	16	15
Financial investments				
Financial investments at amortised cost	2,874	(1,569)	1,305	2,008
Debt investments at FVOCI	22	–	22	–

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)***(iii) Collaterals and other credit enhancements** *(Continued)***Collaterals** *(Continued)*

As at 31 December 2024	Gross exposure	Impairment allowance	Carrying amount	Exposure covered by collateral
Credit impaired assets				
Loans and advances to customers				
Loans and advances to customers at amortised cost	111,647	(70,242)	41,405	60,534
Loans and advances to customers at FVOCI	13	–	13	12
Financial investments				
Financial investments at amortised cost	1,562	(1,082)	480	635
Debt investments at FVOCI	51	–	51	–

Master netting arrangements

The Group may enter into master netting arrangements with the counterparties. The related credit risk of contracts will reduce when settled on a net basis. Each party to the master netting arrangements will settle all such amounts on a net basis in the event of default of the other party.

(d) Derivative instruments

In accordance with the Administrative Measures for the Capital Management of Commercial Banks issued by China's National Financial Regulatory Administration (the "NFRA"), the Group adopts the standardized approach to measure the credit risk-weighted assets of derivative instruments, including the default risk-weighted assets of non-central counterparties, the credit risk-weighted assets of central counterparties, and the credit valuation adjustment risk-weighted assets.

For further information on counterparty credit risk-weighted assets, please refer to the *Pillar 3 Report at 30 June 2025* published on the official website of the Bank.

(e) Foreclosed assets

	As at 30 June 2025	As at 31 December 2024
Buildings	886	938
Land use rights	9	8
Others	10	10
Gross	905	956
Less: Impairment allowances	(384)	(433)
Net	521	523

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not generally occupy foreclosed assets for its own business use. Foreclosed assets are classified as other assets in the statement of financial position.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(f) Concentration risk analysis for financial assets**

The Group mainly manages concentration risk for loans and advances to customers by industry sectors and also manages concentration risk for financial assets by geographical sectors.

Concentration risk for geographical sectors

As at 30 June 2025	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	705,209	1,692	32,306	739,207
Due from and placements with banks and other financial institutions	737,776	118,436	114,882	971,094
Derivative financial assets	37,588	17,527	2,782	57,897
Loans and advances to customers	8,453,146	199,332	125,459	8,777,937
Financial investments at FVTPL	522,195	5,364	6,056	533,615
Debt investments at FVOCI	691,865	253,518	175,902	1,121,285
Financial investments at amortised cost	2,600,858	47,580	18,739	2,667,177
Other financial assets	91,676	10,990	912	103,578
Total	13,840,313	654,439	477,038	14,971,790
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,329,151	4,530	14,580	1,348,261
Loan commitments and other credit related commitments	1,018,114	16,377	10,871	1,045,362
Total	2,347,265	20,907	25,451	2,393,623

As at 31 December 2024	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	679,897	1,649	22,221	703,767
Due from and placements with banks and other financial institutions	732,641	116,320	125,081	974,042
Derivative financial assets	66,501	18,124	15,750	100,375
Loans and advances to customers	8,029,982	196,574	124,575	8,351,131
Financial investments at FVTPL	574,357	6,264	5,487	586,108
Debt investments at FVOCI	640,834	242,231	181,556	1,064,621
Financial investments at amortised cost	2,520,502	46,175	15,116	2,581,793
Other financial assets	84,166	6,967	792	91,925
Total	13,328,880	634,304	490,578	14,453,762
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,311,459	7,661	14,381	1,333,501
Loan commitments and other credit related commitments	1,010,223	17,491	10,414	1,038,128
Total	2,321,682	25,152	24,795	2,371,629

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(f) Concentration risk analysis for financial assets (Continued)

Geographical risk concentration for loans and advances to customers

	As at 30 June 2025		As at 31 December 2024	
		%		%
Yangtze River Delta	2,599,568	28.89	2,432,084	28.43
Bohai Rim Economic Zone	1,449,640	16.11	1,406,292	16.44
Central China	1,449,256	16.11	1,370,600	16.03
Pearl River Delta	1,203,302	13.37	1,115,864	13.04
Western China	1,092,830	12.14	1,024,200	11.97
Head Office	587,754	6.53	601,556	7.03
North Eastern China	285,656	3.18	274,860	3.21
Overseas	330,493	3.67	329,666	3.85
Gross amount of loans and advances to customers	8,998,499	100.00	8,555,122	100.00

Note: The definitions of geographical operating segments are set out in Note 45.

Industry analysis for loans and advances to customers

	As at 30 June 2025		As at 31 December 2024	
		%		%
Corporate loans				
Manufacturing	1,147,914	12.76	1,053,309	12.31
Leasing and commercial services	1,028,893	11.43	948,410	11.09
Transportation, storage and postal service	1,023,329	11.37	985,091	11.50
Real estate	536,140	5.96	527,675	6.17
Production and supply of power, heat, gas and water	481,710	5.35	456,439	5.34
Water conservancy, environmental and other public services	459,105	5.10	467,212	5.46
Wholesale and retail	329,993	3.67	289,006	3.38
Construction	238,014	2.65	210,582	2.46
Education, science, culture and public health	170,493	1.89	151,490	1.77
Finance	165,198	1.84	144,878	1.69
Mining	132,658	1.47	123,059	1.44
Information transmission, software and IT services	105,736	1.18	89,510	1.05
Accommodation and catering	41,927	0.47	33,827	0.40
Others	70,255	0.78	86,090	1.01
Discounted bills	236,775	2.63	236,138	2.76
Total corporate loans	6,168,140	68.55	5,802,716	67.83
Personal loans				
Mortgages	1,469,583	16.33	1,466,604	17.14
Credit cards	532,699	5.92	538,404	6.29
Personal business loans	439,055	4.88	413,626	4.83
Personal consumption loans	385,798	4.29	330,260	3.86
Others	3,224	0.03	3,512	0.05
Total personal loans	2,830,359	31.45	2,752,406	32.17
Gross amount of loans and advances before impairment allowances	8,998,499	100.00	8,555,122	100.00

Note: The classification of industries is consistent with the latest national standards for industry classification (Industrial classification for national economic activities (GB/T 4754-2017) issued by SAC and AQSIQ in 2017).

The industry risk concentration analysis for loans and advances to customers is based on the type of industry of the borrowers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Credit risk *(Continued)*

(g) Assessing the credit risk of financial assets after modifications to contractual cash flows

To maximize collection outcomes, the Group may occasionally negotiate amendments to the contractual terms of loans due to commercial negotiations or borrower financial difficulties. Such commercial modifications include extended payment term arrangements, payment holidays, and provision of grace periods. Where management has determined that customers are likely to continue repayments, the Group has established specific loan restructuring policies and operational procedures, which are subject to ongoing review. Loan restructurings are most commonly encountered in the management of medium-and long-term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. If the Group determines that the credit risk has significantly improved after modification, these assets will be transformed from stage 3 or stage 2 to stage 1, and the impairment allowance of these assets will be measured on the basis of 12 months ECL instead of the lifetime ECL.

(2) Market risk

Overview

Market risk is risk of loss on the Group's on balance sheet and off balance sheet businesses, which is originated from the unfavourable changes and fluctuations in interest rates, foreign exchange rates, commodity price and equity product price. Market risk consists of interest rate risk, foreign exchange rate risk, equity product price risk and commodity price risk. The market risk of the Group mainly comprises interest rate risk and foreign exchange rate risk.

The Group established an integrated market risk management system, formed a market risk management structure with the separation of front and middle-end platforms and specified the responsibilities, the division of labor and the reporting route of the Board of Directors, Board of Supervisors, Senior Management, Special Committees and other relevant departments to ensure the compliance and effectiveness of market risk management.

In accordance with the Rules on Capital Management of Commercial Banks issued by the NFRA, the Group's financial instrument, foreign exchange and commodity positions and other financial instruments recognized by the NFRA are divided into trading book and banking book. The trading book consists of financial instruments, foreign exchange and commodity positions and other financial instruments recognized by the NFRA held either for trading intent or economic hedging against risks of the other items in the trading book. The banking book consists of all instruments other than those included in trading book. The Group recognises, measures, monitors and controls the market risks in trading book and banking book according to their nature and characteristics. The market risk capital measured by the Bank in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the NFRA can be referred to the *Bank of Communications Co., Ltd. Pillar 3 Report at 30 June 2025* published on the official website of the Bank.

With regard to the exchange rate risk and the interest rate risk of trading book, the Group established an effective limit management system by implementing Net Position, Risk Sensitivity, Value at Risk ("VaR") and other indicators. Meanwhile, with regard to the interest risk of banking book, net interest income simulation and gap analysis are the major tools used by the Group to monitor the interest risk of its overall businesses. In addition, through adequate repricing management and structure adjustment of assets and liabilities, the Group strives to achieving a reasonable balance between risk and return.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)***Overview** *(Continued)*

The Group has continuously improved the management system of market risk. The Group conducted stress tests on historical scenarios and hypothetical scenarios in the consideration of the Group's major market risk factors. The Group has realised daily automatic collection of trading data and market data in the system. The Group conducted the management of risk capital and VaR quota, and formulated the quota allocation plans.

The Group also applies sensitivity analysis to assess and measure the market risk of trading book and banking book. Sensitivity analysis indicates the impact on the relevant market risk assuming that only a single variable changes. As any risk variable rarely changes isolatedly, and the correlation between variables will have a significant effect on the final impact amount of the change of a risk variable, the results of sensitivity analysis can only provide limited market risk information.

The major measurement techniques used to measure and control market risk are outlined below:

(a) Interest rate risk in the banking book

Interest rate risk in the banking book refers to the risk of losses in the economic value of the banking book and overall earnings arising from detrimental changes in such areas as interest rate level, term structure, etc. The Group's interest rate risk in the banking book mainly stems from the mismatch of term to repricing (TTR) for assets and liabilities with interest rate sensitivity and inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

The Group incorporates interest rate risk in the banking book into its overall risk management framework, and has established a management system for interest rate risk in the banking book that is compatible with the Group's risk status and business complexity. The Group adopts a risk measurement system to regularly monitor the repricing gap of assets and liabilities with interest rate sensitivity, and takes appropriate measures to control and mitigate risks according to the risk status.

During the Reporting Period, the Group closely monitored policy trends and market interest rate trends, and performed continuous assessment and monitoring over the interest rate risk level in the banking book in combination with stress tests. The Group managed interest rate risk in the banking book by optimising the allocation strategy for assets and liabilities, actively adjusting the business repricing term structure and the duration of investment portfolios, and properly applying interest rate derivatives. As a result, all risk indicators were controlled and within their limits, and interest rate risk in the banking book was controllable as a whole.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Interest rate risk in the banking book (Continued)

At the date of statement of financial position, the Group's assets and liabilities categorised by the repricing date or maturity date (whichever is earlier) are as follows:

As at 30 June 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	738,255	-	-	-	-	13,356	751,611
Due from and placements with banks and other financial institutions	506,664	146,759	268,449	43,965	58	5,199	971,094
Derivative financial assets	-	-	-	-	-	57,897	57,897
Loans and advances to customers	1,161,370	1,474,147	4,904,798	785,904	182,602	269,116	8,777,937
Financial investments at FVTPL	12,339	31,064	78,146	59,974	26,347	394,148	602,018
Financial investments at amortised cost	42,766	53,906	239,229	1,042,119	1,261,449	27,708	2,667,177
Financial investments at FVOCI	98,934	49,623	111,681	549,653	300,738	41,242	1,151,871
Other assets	-	-	-	-	-	455,800	455,800
Total assets	2,560,328	1,755,499	5,602,303	2,481,615	1,771,194	1,264,466	15,435,405
Liabilities							
Due to and placements from banks and other financial institutions	(1,395,538)	(271,955)	(627,397)	(18,558)	(3,744)	(7,482)	(2,324,674)
Financial liabilities at FVTPL	-	(11,081)	(8,926)	(13,513)	-	(23,742)	(57,262)
Derivative financial liabilities	-	-	-	-	-	(50,196)	(50,196)
Deposits from customers	(3,554,926)	(824,774)	(2,106,548)	(2,516,385)	(41)	(168,684)	(9,171,358)
Other liabilities	(161,771)	(356,222)	(1,143,596)	(367,284)	(340,371)	(157,901)	(2,527,145)
Total liabilities	(5,112,235)	(1,464,032)	(3,886,467)	(2,915,740)	(344,156)	(408,005)	(14,130,635)
Total interest sensitivity gap	(2,551,907)	291,467	1,715,836	(434,125)	1,427,038	856,461	1,304,770

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Interest rate risk in the banking book (Continued)

As at 31 December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	702,835	–	–	–	–	14,519	717,354
Due from and placements with banks and other financial institutions	504,820	159,429	262,811	41,365	92	5,525	974,042
Derivative financial assets	–	–	–	–	–	100,375	100,375
Loans and advances to customers	2,016,634	1,427,235	3,801,153	675,060	134,077	296,972	8,351,131
Financial investments at FVTPL	16,468	28,636	98,578	76,078	38,941	397,451	656,152
Financial investments at amortised cost	19,105	27,034	241,049	1,116,699	1,151,798	26,108	2,581,793
Financial investments at FVOCI	85,886	69,440	101,935	456,550	340,372	27,961	1,082,144
Other assets	–	–	–	–	–	437,726	437,726
Total assets	3,345,748	1,711,774	4,505,526	2,365,752	1,665,280	1,306,637	14,900,717
Liabilities							
Due to and placements from banks and other financial institutions	(1,488,768)	(452,668)	(438,474)	(33,621)	(9,193)	(8,727)	(2,431,451)
Financial liabilities at FVTPL	(4,477)	(2,999)	(18,699)	(15,335)	–	(8,744)	(50,254)
Derivative financial liabilities	–	–	–	–	–	(85,473)	(85,473)
Deposits from customers	(3,609,395)	(803,846)	(1,505,128)	(2,684,106)	(27,218)	(170,642)	(8,800,335)
Other liabilities	(109,881)	(282,528)	(1,098,511)	(359,238)	(358,783)	(168,666)	(2,377,607)
Total liabilities	(5,212,521)	(1,542,041)	(3,060,812)	(3,092,300)	(395,194)	(442,252)	(13,745,120)
Total interest sensitivity gap	(1,866,773)	169,733	1,444,714	(726,548)	1,270,086	864,385	1,155,597

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)***(a) Interest rate risk in the banking book** *(Continued)**Interest rate sensitivity analysis*

The table below illustrates the impact on net profit of the Group for the following year based on the structure of financial assets and liabilities as at the date of statement of financial position, resulting from a parallel upward or downward shift of 100 basis points in related yield curves:

	Changes in net profit	
	As at	As at
	30 June 2025	31 December 2024
+100 basis points parallel shift in yield curves	9,503	13,088
– 100 basis points parallel shift in yield curves	(9,503)	(13,088)

The table below illustrates the impact on other comprehensive income of the Group for the following year based on the structure of financial assets and liabilities as at the date of statement of financial position, resulting from a parallel upward or downward shift of 100 basis points in related yield curves.

	Changes in other comprehensive income	
	As at	As at
	30 June 2025	31 December 2024
+100 basis points parallel shift in yield curves	(21,521)	(21,735)
– 100 basis points parallel shift in yield curves	23,149	22,034

The above-mentioned impact on other comprehensive income arises from the changes in the fair value of fixed-interest-rate bonds at fair value through other comprehensive income, and loans and advances to customers at fair value through other comprehensive income.

The results of the interest rate sensitivity analysis set out in the table above are illustrative only and are based on simplified scenarios. The figures represent the projected impact to the net profit and other comprehensive income caused by the projected movement of current interest risk structure yield curves. This effect, however, does not take into account actions that would be taken by the Group to mitigate the impact of interest rate changes.

The projections above also assume that interest rates of all maturities excluding demand deposits move by the same amount and, therefore, do not reflect the potential impact on net profit due to changes in certain rates while others remain unchanged. The projections are based on other simplified assumptions as well, including that all positions are to be held to maturity. There will be changes to the projection if positions are not held to maturity but it is not expected that the changes would be material.

The Group believes the assumption does not represent the Group's policy on use of funds and interest rate risk management. As a result, the above impact may differ from the actual situation.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)**(2) Market risk** (Continued)**(b) Foreign exchange risk**

The Group conducts the majority of its businesses in RMB, and the recording currency is RMB. Certain foreign transactions are conducted in USD, HKD and other currencies. The exchange rate of RMB to USD, HKD or other currencies is subject to the trading rules of China Foreign Exchange Trade System. Exchange rate risk mainly results from currency mismatch between foreign currency assets and liabilities and between off balance sheet currency exposure. The Group has formulated management measures for exchange rate risks, defining the functional division and scope of work of the exchange rate risk management department, risk identification, measurement, monitoring and control methods, and specific measures. Moreover, the Group controls exchange rate risk by setting relevant limits, taking the initiative to adjust the structure of foreign currency assets for a proper matching of currency structure of assets and liabilities, and applying appropriate exchange rate financial derivatives for transfers and hedging based on its own risk tolerance and operating level.

As at 30 June 2025, the exchange rates for US dollar and HK dollar are 1 US dollar to RMB7.1586 (As at 31 December 2024: RMB7.1884) and 1 HK dollar to RMB0.91195 (As at 31 December 2024: RMB0.92604), respectively.

Carrying amounts of the Group's total assets and liabilities categorised by the original currency as at the date of statement of financial position are as follows:

As at 30 June 2025	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	700,766	21,061	2,717	27,067	751,611
Due from and placements with banks and other financial institutions	628,515	264,991	51,781	25,807	971,094
Derivative financial assets	41,062	12,931	2,417	1,487	57,897
Loans and advances to customers	8,368,245	174,788	153,416	81,488	8,777,937
Financial investments at FVTPL	539,415	43,656	1,528	17,419	602,018
Financial investments at amortised cost	2,569,437	64,836	11,391	21,513	2,667,177
Financial investments at FVOCI	691,894	363,203	8,780	87,994	1,151,871
Other assets	232,151	207,624	7,310	8,715	455,800
Total assets	13,771,485	1,153,090	239,340	271,490	15,435,405
Liabilities					
Due to and placements from banks and other financial institutions	(1,932,579)	(307,682)	(19,550)	(64,863)	(2,324,674)
Financial liabilities at FVTPL	(38,304)	(8,934)	(1,922)	(8,102)	(57,262)
Derivative financial liabilities	(40,022)	(5,163)	(3,135)	(1,876)	(50,196)
Deposits from customers	(8,447,229)	(418,917)	(257,579)	(47,633)	(9,171,358)
Other liabilities	(2,271,255)	(198,259)	(28,064)	(29,567)	(2,527,145)
Total liabilities	(12,729,389)	(938,955)	(310,250)	(152,041)	(14,130,635)
Net position	1,042,096	214,135	(70,910)	119,449	1,304,770
Credit related commitments and financial guarantees	2,160,153	189,029	14,007	30,434	2,393,623

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(b) Foreign exchange risk (Continued)

As at 31 December 2024	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	678,258	19,103	2,707	17,286	717,354
Due from and placements with banks and other financial institutions	637,524	254,127	48,133	34,258	974,042
Derivative financial assets	76,457	18,807	3,078	2,033	100,375
Loans and advances to customers	7,920,739	186,261	160,815	83,316	8,351,131
Financial investments at FVTPL	591,446	50,413	1,253	13,040	656,152
Financial investments at amortised cost	2,485,506	65,398	14,993	15,896	2,581,793
Financial investments at FVOCI	634,093	359,242	8,265	80,544	1,082,144
Other assets	215,643	204,797	6,531	10,755	437,726
Total assets	13,239,666	1,158,148	245,775	257,128	14,900,717
Liabilities					
Due to and placements from banks and other financial institutions	(2,038,786)	(319,207)	(8,655)	(64,803)	(2,431,451)
Financial liabilities at FVTPL	(35,357)	(9,097)	(1,428)	(4,372)	(50,254)
Derivative financial liabilities	(72,517)	(5,050)	(5,509)	(2,397)	(85,473)
Deposits from customers	(8,118,650)	(394,390)	(237,299)	(49,996)	(8,800,335)
Other liabilities	(2,130,639)	(201,320)	(20,129)	(25,519)	(2,377,607)
Total liabilities	(12,395,949)	(929,064)	(273,020)	(147,087)	(13,745,120)
Net position	843,717	229,084	(27,245)	110,041	1,155,597
Credit related commitments and financial guarantees	2,136,413	189,864	15,482	29,870	2,371,629

Foreign exchange sensitivity analysis

The table below illustrates the impact of a concurrent appreciation or depreciation of RMB spot and forward rates against USD and HKD by 5% on the Group's net profit:

	Changes in net profit	
	As at 30 June 2025	As at 31 December 2024
5% appreciation of RMB	(1,187)	(699)
5% depreciation of RMB	1,187	699

The table below illustrates the impact of a concurrent appreciation or depreciation of RMB spot and forward rates against USD and HKD by 5% on the Group's other comprehensive income:

	Changes in other comprehensive income	
	As at 30 June 2025	As at 31 December 2024
5% appreciation of RMB	(3,721)	(3,055)
5% depreciation of RMB	3,721	3,055

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)****(b) Foreign exchange risk*** *(Continued)**Foreign exchange sensitivity analysis (Continued)*

The impact on net profit arises from the influences of RMB exchange rate fluctuation on the net position of monetary assets (excluding other book value other than amortised cost of monetary assets at fair value through other comprehensive income) and liabilities denominated in foreign currencies, the net position of non-monetary financial assets (excluding non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income) and liabilities denominated in foreign currencies measured at fair value, and the fair value of currency derivatives denominated in RMB.

The impact on other comprehensive income arises from the influences of RMB exchange rate fluctuation on the differences on translation of foreign currency financial statements of foreign operators, the overseas investment portion of monetary assets denominated in foreign currencies, other book value other than amortised cost of the non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income (such as stock) and monetary items at fair value through other comprehensive income.

The above impact on net profit is based on the assumption that the sensitive position of the Group's year-end exchange rate and currency derivatives denominated in RMB remain unchanged around the year. While in practice, the Group will, based on its judgement on the trend of exchange rate, actively adjust the foreign currency position and use appropriate derivative instruments to mitigate the impact of the foreign currency risk. Therefore, the above impact might differ from the actual situation.

(c) Other price risk

The Group is exposed to other price risk arising from financial assets such as equity investments and derivatives linked to commodity price. The equity investments arise from the proprietary trading of the Group's subsidiaries which hold the qualification of securities dealing and brokerage as well. As for the proprietary trading exposure, the Group enforces strict management of the risk exposure limit and the balance is insignificant to the Group's financial assets. The Group considers the exposure to the other price risk to be insignificant.

(3) Liquidity risk***Overview***

Liquidity risk is the risk that occurs when the Group is not able to obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfill other payment obligations, or meet other funding needs in the normal course of business. The Group's liquidity risk mainly comes from depositors' early or centralised withdrawals, borrowers' deferred repayment of loans, the amount of assets and liabilities and maturity mismatches.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(3) Liquidity risk** *(Continued)***(a) Liquidity risk management**

The Group implements centralised management of liquidity risk and, on the basis of forecasting liquidity requirements, formulates corresponding liquidity management plans and actively manages the liquidity of the Bank. The specific measures mainly include:

- Pay close attention to changes in the macroeconomic situation, central bank monetary policy, capital market dynamics, etc;
- Enhance weighting of core deposits as a percentage of liabilities, so as to improve the stability of liabilities;
- Monitor and manage liquidity position bank-wide by implementing a series of indicators and restrictions;
- Liquidity position management and cash utilisation functions are centralised by the Head offices;
- Maintain an appropriate level of central bank reserves, overnight inter-bank transactions, highly liquid debt investment, actively involve in capital management through open market, monetary market and bond market in order to ensure optimal financing capability at market places;
- Minimise liquidity risk by proper management of asset maturity structures and multi-level liquidity portfolios.

(b) Non-derivative financial instruments cash flows

The table below presents the structural analysis by contracted maturities on non-derivative financial assets and liabilities of the Group at the balance sheet date. The amount of financial assets and liabilities for each period is the amount of undiscounted cash flows. The Group's expected cash flows on these financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

As at 30 June 2025	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	624,099	127,278	-	234	-	-	-	751,611
Due from and placements with banks and other financial institutions	-	-	101,805	367,394	116,861	286,756	98,477	27,895	999,188
Loans and advances to customers	78,492	-	-	518,414	511,138	2,294,930	3,063,283	4,211,657	10,677,914
Financial investments at FVTPL	102	80,988	257,970	24,481	48,740	99,524	75,390	29,078	616,273
Financial investments at amortised cost	1,693	-	-	42,322	63,034	304,599	1,278,306	1,428,152	3,118,106
Financial investments at FVOCI	23	30,587	-	28,793	27,834	147,394	724,170	380,743	1,339,544
Other financial assets	2,482	1,117	99,979	-	-	-	-	-	103,578
Assets held for managing liquidity risk (contractual maturity dates)	82,792	736,791	587,032	981,404	767,841	3,133,203	5,239,626	6,077,525	17,606,214
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(755,820)	(600,465)	(235,647)	(650,188)	(88,813)	(21,939)	(2,352,872)
Financial liabilities at FVTPL	-	(516)	(18,372)	(1,719)	(12,820)	(10,520)	(14,330)	-	(58,277)
Deposits from customers	-	-	(3,069,640)	(629,449)	(842,430)	(2,185,659)	(2,613,408)	(41)	(9,340,627)
Certificates of deposit issued	-	-	-	(152,091)	(310,019)	(1,033,031)	(36,751)	(57)	(1,531,949)
Debt securities issued	-	-	-	(12,005)	(32,940)	(132,166)	(370,440)	(255,082)	(802,633)
Other financial liabilities	-	-	(97,385)	(1,701)	(456)	(2,358)	(7,572)	(3,236)	(112,708)
Total liabilities (contractual maturity dates)	-	(516)	(3,941,217)	(1,397,430)	(1,434,312)	(4,013,922)	(3,131,314)	(280,355)	(14,199,066)
Net position	82,792	736,275	(3,354,185)	(416,026)	(666,471)	(880,719)	2,108,312	5,797,170	3,407,148

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(b) Non-derivative financial instruments cash flows (Continued)

As at 31 December 2024	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	638,978	78,121	-	255	-	-	-	717,354
Due from and placements with banks and other financial institutions	-	-	94,004	368,144	131,449	282,179	94,959	29,862	1,000,597
Loans and advances to customers	77,627	-	-	510,866	523,675	2,121,505	2,944,295	4,147,906	10,325,874
Financial investments at FVTPL	64	76,246	255,515	24,561	53,568	120,246	100,862	42,789	673,851
Financial investments at amortised cost	866	-	-	16,636	35,066	309,615	1,353,603	1,308,653	3,024,439
Financial investments at FVOCI	51	17,523	-	19,455	44,855	140,285	623,643	422,391	1,268,203
Other financial assets	2,345	1,208	88,372	-	-	-	-	-	91,925
Assets held for managing liquidity risk (contractual maturity dates)									
	80,953	733,955	516,012	939,662	788,868	2,973,830	5,117,362	5,951,601	17,102,243
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(847,347)	(636,957)	(424,102)	(447,131)	(78,653)	(18,344)	(2,452,534)
Financial liabilities at FVTPL	-	(606)	(9,094)	(721)	(4,932)	(19,983)	(16,320)	-	(51,656)
Deposits from customers	-	-	(3,126,366)	(623,974)	(824,608)	(1,560,527)	(2,806,092)	(27,237)	(8,968,804)
Certificates of deposit issued	-	-	-	(102,977)	(261,956)	(993,702)	(32,441)	(72)	(1,391,148)
Debt securities issued	-	-	-	(429)	(24,575)	(128,777)	(344,373)	(292,081)	(790,235)
Other financial liabilities	-	-	(80,332)	(2,004)	(476)	(2,282)	(7,546)	(3,541)	(96,181)
Total liabilities (contractual maturity dates)	-	(606)	(4,063,139)	(1,367,062)	(1,540,649)	(3,152,402)	(3,285,425)	(341,275)	(13,750,558)
Net position	80,953	733,349	(3,547,127)	(427,400)	(751,781)	(178,572)	1,831,937	5,610,326	3,351,685

Assets available to repay all of the liabilities and fulfill loan commitments include cash, balances with central banks, due from and placements with banks and other financial institutions, financial investment at fair value through profit or loss, etc. In the normal course of business, a majority of matured deposits will not be withdrew immediately on the maturity date but will continue to be kept by the Group. In addition, financial investments at fair value through other comprehensive income can also be disposed of when necessary to obtain funds for repayment of matured debts.

(c) Derivative financial instruments cash flows

The Group's derivative financial instruments are either settled on a net basis or a gross basis.

(i) Derivative settled on a net basis

The Group's derivative financial instruments that will be settled on a net basis include foreign exchange contracts, commodity contracts, interest rate contracts and others.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(3) Liquidity risk** *(Continued)***(c) Derivative financial instruments cash flows** *(Continued)***(i) Derivative settled on a net basis** *(Continued)*

The table below analyses the undiscounted cash flows of the Group's derivative financial instruments which will be settled on a net basis and are classified based on the remaining contractual period from the balance sheet date to maturity date.

As at 30 June 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Derivative financial instruments						
– Foreign exchange contracts	7	58	73	26	–	164
– Interest rate contracts	427	223	1,991	19,887	3,891	26,419
– Commodity contracts and others	–	–	6	–	–	6
Total	434	281	2,070	19,913	3,891	26,589
Liabilities						
Derivative financial instruments						
– Foreign exchange contracts	(2)	(8)	(82)	(37)	–	(129)
– Interest rate contracts	(102)	(188)	(1,383)	(13,952)	(2,049)	(17,674)
– Commodity contracts and others	–	(1)	(15)	–	–	(16)
Total	(104)	(197)	(1,480)	(13,989)	(2,049)	(17,819)

As at 31 December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets						
Derivative financial instruments						
– Foreign exchange contracts	6	32	74	19	–	131
– Interest rate contracts	55	284	2,428	25,948	8,023	36,738
– Commodity contracts and others	1	14	6	15	–	36
Total	62	330	2,508	25,982	8,023	36,905
Liabilities						
Derivative financial instruments						
– Foreign exchange contracts	(22)	(26)	(45)	(24)	–	(117)
– Interest rate contracts	(36)	61	(1,799)	(17,865)	(1,697)	(21,336)
– Commodity contracts and others	(1)	(2)	(24)	(2)	–	(29)
Total	(59)	33	(1,868)	(17,891)	(1,697)	(21,482)

(ii) Derivative settled on a gross basis

The Group's derivative financial instruments that will be settled on a gross basis mainly include foreign exchange and commodity derivatives. The table below analyses the undiscounted cash flows of the Group's derivative financial instruments which will be settled on a gross basis and are classified based on the remaining contractual period from the balance sheet date to maturity date.

As at 30 June 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative financial instruments settled on a gross basis						
– Cash inflow	1,490,197	1,136,250	2,396,241	129,781	7,635	5,160,104
– Cash outflow	(1,491,229)	(1,137,506)	(2,395,482)	(129,328)	(6,140)	(5,159,685)
Total	(1,032)	(1,256)	759	453	1,495	419

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)**(3) Liquidity risk** (Continued)**(c) Derivative financial instruments cash flows** (Continued)**(ii) Derivative settled on a gross basis** (Continued)

As at 31 December 2024	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivative financial instruments settled on a gross basis						
– Cash inflow	1,422,780	1,191,262	2,305,835	140,400	10,957	5,071,234
– Cash outflow	(1,422,653)	(1,192,576)	(2,306,072)	(140,650)	(9,310)	(5,071,261)
Total	127	(1,314)	(237)	(250)	1,647	(27)

(d) Maturity analysis

The table below analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

As at 30 June 2025	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	624,099	127,278	-	234	-	-	-	751,611
Due from and placements with banks and other financial institutions	-	-	101,466	364,872	115,667	280,583	89,163	19,343	971,094
Derivative financial assets	-	-	-	8,225	8,723	15,242	20,056	5,651	57,897
Loans and advances to customers	45,951	-	-	506,007	463,369	2,115,546	2,506,989	3,140,075	8,777,937
Financial investments at FVTPL	102	80,988	257,970	24,178	47,625	95,845	68,557	26,753	602,018
Financial investments at amortised cost	1,693	-	-	41,222	58,635	251,046	1,053,121	1,261,460	2,667,177
Financial investments at FVOCI	23	30,587	-	28,067	25,981	125,490	637,556	304,167	1,151,871
Other assets	2,482	278,104	131,052	-	-	4,958	39,204	-	455,800
Total assets	50,251	1,013,778	617,766	972,571	720,234	2,888,710	4,414,646	4,757,449	15,435,405
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(755,824)	(599,945)	(234,520)	(638,082)	(81,004)	(15,299)	(2,324,674)
Financial liabilities at FVTPL	-	(516)	(18,372)	(1,719)	(12,754)	(10,388)	(13,513)	-	(57,262)
Derivative financial liabilities	-	-	-	(8,818)	(9,961)	(14,732)	(14,473)	(2,212)	(50,196)
Deposits from customers	-	-	(3,068,514)	(618,761)	(827,651)	(2,121,481)	(2,534,910)	(41)	(9,171,358)
Other liabilities	-	-	(104,392)	(179,595)	(348,636)	(1,155,361)	(395,711)	(343,450)	(2,527,145)
Total liabilities	-	(516)	(3,947,102)	(1,408,838)	(1,433,522)	(3,940,044)	(3,039,611)	(361,002)	(14,130,635)
Net amount on liquidity gap	50,251	1,013,262	(3,329,336)	(436,267)	(713,288)	(1,051,334)	1,375,035	4,396,447	1,304,770

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(3) Liquidity risk (Continued)

(d) Maturity analysis (Continued)

As at 31 December 2024	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	638,978	78,121	-	255	-	-	-	717,354
Due from and placements with banks and other financial institutions	-	-	93,623	366,916	130,115	276,049	86,736	20,603	974,042
Derivative financial assets	-	-	-	14,755	18,032	31,446	26,248	9,894	100,375
Loans and advances to customers	45,872	-	-	495,567	472,377	1,934,984	2,358,186	3,044,145	8,351,131
Financial investments at FVTPL	64	76,246	255,515	24,234	52,866	115,567	92,099	39,561	656,152
Financial investments at amortised cost	866	-	-	15,969	31,385	255,440	1,126,341	1,151,792	2,581,793
Financial investments at FVOCI	51	17,523	-	18,993	42,452	119,591	538,425	345,109	1,082,144
Other assets	2,345	270,738	121,891	-	-	5,268	37,484	-	437,726
Total assets	49,198	1,003,485	549,150	936,434	747,482	2,738,345	4,265,519	4,611,104	14,900,717
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(847,347)	(636,263)	(422,021)	(441,503)	(71,322)	(12,995)	(2,431,451)
Financial liabilities at FVTPL	-	(606)	(9,094)	(721)	(4,925)	(19,573)	(15,335)	-	(50,254)
Derivative financial liabilities	-	-	-	(14,660)	(19,381)	(30,633)	(18,996)	(1,803)	(85,473)
Deposits from customers	-	-	(3,125,459)	(614,315)	(809,216)	(1,513,958)	(2,710,169)	(27,218)	(8,800,335)
Other liabilities	-	-	(90,458)	(139,199)	(304,696)	(1,116,700)	(364,000)	(362,554)	(2,377,607)
Total liabilities	-	(606)	(4,072,358)	(1,405,158)	(1,560,239)	(3,122,367)	(3,179,822)	(404,570)	(13,745,120)
Net amount on liquidity gap	49,198	1,002,879	(3,523,208)	(468,724)	(812,757)	(384,022)	1,085,697	4,206,534	1,155,597

(e) Off-balance sheet items

The off-balance sheet items of the Group primarily comprise loan commitments, credit card commitments, letter of credit commitments, guarantee and letters of guarantee issued, acceptance notes, etc. The table below lists the liquidity analysis of the off-balance sheet items of the Group, and financial guarantees are included at notional amounts and based on the earliest contractual maturity date.

As at 30 June 2025	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	946,336	45,641	53,385	1,045,362
Guarantees, acceptances and letters of credit	1,116,472	220,722	11,067	1,348,261
Total	2,062,808	266,363	64,452	2,393,623

As at 31 December 2024	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	942,298	43,895	51,935	1,038,128
Guarantees, acceptances and letters of credit	1,112,251	215,213	6,037	1,333,501
Total	2,054,549	259,108	57,972	2,371,629

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Fair value of financial assets and liabilities*****(a) Determination of fair value and valuation techniques***

Some of the Group's financial assets and financial liabilities are measured at fair value. The Board of Directors is responsible for establishing a sound system of internal control over valuation and is ultimately responsible for the adequacy and effectiveness of the system of internal control and for reviewing and approving the policy for fair value accounting valuation of financial instruments. The Group's internal control system related to fair value valuation specifies fundamental valuation principles, methodologies, processes, as well as division of responsibilities.

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial instruments with unadjusted quoted prices for identical instruments in active markets is determined by the open market quotations. These instruments are classified as level 1.

The Group uses valuation techniques to determine the fair value of financial instruments when an open market quotation in active markets is not obtainable.

If the key parameters used in valuation techniques for financial instruments are substantially observable and obtainable from active open market, the instruments are classified as level 2. The second hierarchy of financial instruments held by the Group mainly includes derivatives, debt securities and certificates of deposit without quotations from active market, unimpaired loans and advances to customers carried at FVOCI, precious metals and debt securities issued. The fair value of RMB denominated bonds is mainly valued based on the yield curves of the bonds from China Central Depository & Clearing Co., Ltd., while the fair value of the foreign currency denominated bonds is determined based on the valuation results published by Bloomberg. The fair value of foreign currency forwards and swaps, interest rate swaps, foreign currency options is estimated by the discounted cash flow method and Black-Scholes model. The fair value of precious metal contract is mainly determined in accordance with the closing prices of the Shanghai Gold Exchange or the settlement prices of the Shanghai Futures Exchange. The main parameters used in discounted cash flow model include recent market prices, the relevant yield curve, exchange rates and counterparty's credit spread. Main parameters used in Black-Scholes model include the relevant yield curve, exchange rate, level of volatilities and counterparty's credit spread, etc. All parameters used in valuation techniques are substantially observable and obtainable from active open market.

For trust and asset management plan at fair value through profit or loss, impaired loans and advances to customers at fair value through other comprehensive income, the fair value is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk. These financial instruments are classified as level 3.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Fair value of financial assets and liabilities** *(Continued)***(a) Determination of fair value and valuation techniques** *(Continued)*

For convertible bonds, restricted stock units, unlisted equities, unlisted funds, certain trusts and asset management plans, etc. held by the Group, the fair value of these financial instruments are determined with reference to certain unobservable inputs, and therefore the instruments have been classified by the Group as level 3. The management determines the fair value of these financial instruments using a variety of techniques, the valuation methods used were mainly the discounted cash flow method and the market comparable companies method, including using valuation models that incorporate and take into account unobservable inputs such as interest's cash flow, risk-adjusted discount rate, price to book value ratio, price to earnings ratio and liquidity discounts. The Group has established internal control procedures to monitor the Group's exposure to such financial instruments.

(b) Financial instruments not measured at fair value

The table below summarises the carrying amount and fair value of those financial assets and liabilities that are not presented at fair value as at the date of statement of financial position. Financial assets and liabilities with carrying amount approximate to fair value, such as cash and balances with central banks, due from and placements with banks and other financial institutions, loans and advances to customers at amortised cost, due to and placements from banks and other financial institutions, and deposits from customers, are not included in the table below.

	As at 30 June 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial investments at amortised cost	2,667,177	2,791,050	2,581,793	2,745,341
Financial liabilities				
Debt securities issued	(697,820)	(708,222)	(668,128)	(683,138)

Fair value hierarchy of financial instruments not measured at fair value

As at 30 June 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	4,507	2,760,116	26,427	2,791,050
Financial liabilities				
Debt securities issued	–	(708,222)	–	(708,222)
As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	4,115	2,711,664	29,562	2,745,341
Financial liabilities				
Debt securities issued	–	(683,138)	–	(683,138)

The carrying amounts and fair values of other financial assets and liabilities (including loans and advances to customers at amortised cost, deposits from customers, due from and placements with banks and other financial institutions, due to and placements from banks and other financial institutions) are approximately the same, because the interest rates of most of these assets and liabilities are adjusted following the changes in interest rates determined by the PBOC, other regulatory bodies or market.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Fair value of financial assets and liabilities (Continued)

(c) Financial assets and financial liabilities measured at fair value on a recurring basis

The financial assets and liabilities measured at fair value on a recurring basis by the three levels are analysed below:

As at 30 June 2025	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Placements with banks and other financial institutions	–	460	–	460
Debt securities	2,759	191,043	568	194,370
Fund and asset management products	118,860	55,155	30,272	204,287
Equity investments and other investments	2,251	4,232	61,920	68,403
Precious metal contracts	–	8,166	–	8,166
Other debt investments	–	126,792	–	126,792
Derivative financial instruments	–	56,222	1,675	57,897
Loans and advances to customers	–	18	–	18
Subtotal	123,870	442,088	94,435	660,393
At fair value through other comprehensive income				
Debt Investments at FVOCI	4,899	1,114,458	1,928	1,121,285
Investments in equity instruments designated at FVOCI	12,894	1,077	16,615	30,586
Loans and advances to customers at FVOCI	–	326,304	16	326,320
Subtotal	17,793	1,441,839	18,559	1,478,191
Total assets	141,663	1,883,927	112,994	2,138,584
As at 30 June 2025	Level 1	Level 2	Level 3	Total
Placements from banks and other financial institutions	–	(4,765)	–	(4,765)
Financial liabilities at FVTPL	(81)	(56,788)	(393)	(57,262)
Derivative financial instruments	–	(50,196)	–	(50,196)
Debt securities issued	–	(14,008)	–	(14,008)
Total liabilities	(81)	(125,757)	(393)	(126,231)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Fair value of financial assets and liabilities (Continued)

(c) Financial assets and financial liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2024	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Placements with banks and other financial institutions	–	2,760	–	2,760
Debt securities	3,092	233,122	3,421	239,635
Fund and asset management products	157,610	29,119	27,950	214,679
Equity investments and other investments	2,467	2,863	64,714	70,044
Precious metal contracts	–	4,349	–	4,349
Other debt investments	–	127,445	–	127,445
Derivative financial instruments	–	98,806	1,569	100,375
Loans and advances to customers	–	17	–	17
Subtotal	163,169	498,481	97,654	759,304
At fair value through other comprehensive income				
Debt Investments at FVOCI	2,339	1,062,282	–	1,064,621
Investments in equity instruments designated at FVOCI	10,174	1,032	6,317	17,523
Loans and advances to customers at FVOCI	–	315,360	13	315,373
Subtotal	12,513	1,378,674	6,330	1,397,517
Total assets	175,682	1,877,155	103,984	2,156,821
As at 31 December 2024	Level 1	Level 2	Level 3	Total
Placements from banks and other financial institutions	–	(6,282)	–	(6,282)
Financial liabilities at FVTPL	(4)	(49,812)	(438)	(50,254)
Derivative financial instruments	–	(85,473)	–	(85,473)
Debt securities issued	–	(23,120)	–	(23,120)
Total liabilities	(4)	(164,687)	(438)	(165,129)

For the six months ended 30 June 2025 and the year ended 31 December 2024, the Group's financial assets and financial liabilities measured at fair value on a recurring basis have no significant transfers between Level 1 and Level 2.

Reconciliation of Level 3 items

	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
Balance at 1 January 2025	97,654	6,330	(438)
Total gains or losses			
– Net gains arising from trading activities	3,825	14	–
– Other comprehensive income	–	50	–
Additions	6,486	12,190	–
Disposals and settlement	(13,530)	(25)	45
Balance at 30 June 2025	94,435	18,559	(393)
Total gains and losses generated by financial assets held by the Group as at 30 June 2025			
– Realised gains and losses	1,601	27	–
– Unrealised gains and losses	2,294	49	–

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Fair value of financial assets and liabilities** *(Continued)***(c) Financial assets and financial liabilities measured at fair value on a recurring basis** *(Continued)*

	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
Balance at 1 January 2024	98,004	8,709	(536)
Total gains or losses			
– Net gains/(losses) arising from trading activities	3,254	(2)	–
– Other comprehensive income	–	214	–
Additions	31,667	1	–
Disposals and settlement	(32,109)	(2,597)	98
Transfer from other levels	–	5	–
Transfer to other levels	(3,162)	–	–
Balance at 31 December 2024	97,654	6,330	(438)
Total gains generated by financial assets held by the Group as at 31 December 2024			
– Realised gains	3,380	29	–
– Unrealised gains	3,535	241	–

(5) Offsetting financial assets and liabilities

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. These financial assets and financial liabilities of the Group are not offset in accordance with IFRS Accounting Standards.

(6) Capital management

The “capital” in capital management is a broader concept than “shareholders’ equity” on the statement of financial position. The Group’s objectives in capital management are:

- To comply with the capital requirements set by the regulators of the markets where the Group operates;
- To ensure the Group’s ability to maintain a stable operation so as to continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group management adopts the Administrative Measures for the Capital of Commercial Banks in monitoring its capital adequacy ratio and the usage of capital continuously. The quarterly monitored information is then submitted to the NFRA.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

3 FINANCIAL RISK MANAGEMENT *(Continued)*(6) Capital management *(Continued)*

The Group has steadily promoted the implementation and deepened application of advanced methods in accordance with regulatory requirements. According to the implementation scope of the advanced methods of capital management approved by the regulator, the Group elected to use internal rating based ("IRB") approach for credit risk exposures which is approved by regulatory inspection. For credit risk exposures not covered by IRB, the corresponding portion shall be calculated by the weighted approach. The Group mainly elected to use standardised approach for market risk exposures and standardised approach for operational risk exposures.

As at 30 June 2025, the Group's capital adequacy ratio at all levels met the regulatory requirements. For further information on the Group's capital, please refer to the *Bank of Communications Co., Ltd. Pillar 3 Report at 30 June 2025* published on the official website of the Bank.

4 NET INTEREST INCOME

	Six months ended 30 June	
	2025	2024
Interest income		
Loans and advances to customers	138,325	150,721
Financial investments	56,479	55,915
Due from and placements with banks and other financial institutions	13,580	15,506
Balances with central banks	5,577	5,896
Subtotal	213,961	228,038
Interest expense		
Deposits from customers	(81,155)	(91,706)
Due to and placements from banks and other financial institutions	(22,108)	(28,664)
Certificates of deposit issued	(16,441)	(15,373)
Debt securities issued	(9,010)	(8,061)
Subtotal	(128,714)	(143,804)
Net interest income	85,247	84,234

5 FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2025	2024
Bank cards business	7,888	8,027
Custody and other fiduciary business	4,503	4,681
Wealth management business	4,121	4,121
Agency services	2,303	2,128
Guarantee and commitment	1,723	1,705
Investment banking	1,107	1,299
Settlement services	744	896
Others	40	76
Total	22,429	22,933

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

6 FEE AND COMMISSION EXPENSE

	Six months ended 30 June	
	2025	2024
Bank card business	1,033	1,046
Settlement and agency services	785	756
Others	153	131
Total	1,971	1,933

7 NET GAINS/(LOSSES) ARISING FROM TRADING ACTIVITIES

	Six months ended 30 June	
	2025	2024
Financial instruments at FVTPL	8,385	9,355
Interest rate instruments and others	2,081	5,459
Foreign exchange	203	(2,725)
Total	10,669	12,089

Net gains or losses on foreign exchange include trading gains or losses and fair value changes of derivative instruments such as spot and forward contracts, currency swaps, cross currency interest rate swaps, currency options and the translation of foreign currency monetary assets and liabilities into RMB.

Net gains or losses on interest rate instruments and others include trading gains or losses and fair value changes of interest rate swaps, interest rate options, commodity and other derivatives.

Net gains/(losses) arising from trading activities for the six months ended 30 June 2025 included a net gain of RMB16 million (for the six months ended 30 June 2024: a net loss of RMB10 million) in relation to changes in the fair value of financial liabilities designated at fair value through profit or loss.

8 OTHER OPERATING INCOME

	Six months ended 30 June	
	2025	2024
Leasing income	11,155	10,058
Insurance service income	1,529	1,436
Net gains on the disposal of property, equipment and other assets	722	377
Income from sales of precious metal merchandise	255	235
Revaluation of investment properties	(50)	(33)
Other miscellaneous income	996	1,913
Total	14,607	13,986

Other miscellaneous income mainly includes income arising from miscellaneous banking services provided to the Group's customers.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

9 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2025	2024
Loans and advances to customers at amortised cost	29,440	31,179
Due from and placements with banks and other financial institutions	1,202	494
Loans and advances to customers at FVOCI	786	137
Debt investments at FVOCI	240	(8)
Credit related commitments and financial guarantees	197	1,373
Financial investments at amortised cost	60	(261)
Others	889	107
Total	32,814	33,021

10 OTHER ASSETS IMPAIRMENT LOSSES

	Six months ended 30 June	
	2025	2024
Operating lease assets	520	409
Foreclosed assets	11	58
Total	531	467

11 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2025	2024
General operating and administrative expenses	19,475	19,354
Staff costs (Note 12)	15,592	15,376
Costs of operating lease business	8,130	7,499
Depreciation and amortisation	4,866	4,891
Insurance service expense	2,892	1,955
Tax and surcharges	1,502	1,571
Provision for outstanding litigations	(96)	51
Others	882	687
Total	53,243	51,384

12 STAFF COSTS

	Note	Six months ended 30 June	
		2025	2024
Salaries, bonuses, allowances and subsidies		9,297	9,415
Post-employment benefit	(1)	2,607	2,412
Other social security and benefit costs		3,688	3,549
Total		15,592	15,376

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

12 STAFF COSTS *(Continued)*

(1) Post-employment benefit

Defined contribution plans

In accordance with relevant laws and regulations and the Group's requirements, the Group make contributions to the relevant organizations and plans based on certain percentage of the employees' basic salary which is recognised in profit or loss as incurred. Apart from these monthly contributions, the Group has no further payment obligations.

The amount recognised in profit or loss is as follows:

	Six months ended 30 June	
	2025	2024
Expenses incurred for retirement benefit plans and unemployment insurance	1,645	1,502
Expenses incurred for annuity plan	976	930
Total	2,621	2,432

The amount payable at the end of the period or year is as follows:

	As at 30 June 2025	As at 31 December 2024
Payable for retirement benefit plans and unemployment insurance	62	85
Payable for annuity plan	47	45
Total	109	130

Defined benefit plans

The Group recognizes supplemental retirement benefit obligations under defined benefit plans using actuarial techniques. The actuarial assumptions used to determine the present value of the defined benefit plan obligations are the government bond yield, inflation rates and mortality-ratio. The government bond yield and inflation rate were 1.65% and 0.15% (December 31, 2024: 1.80% and 0.21%), respectively. Assumptions regarding future mortality rate were determined based on the China Life Insurance Industry Experience Life Table, which is a publicly available statistical information for the China region.

The Group's retirement benefit obligations in locations other than Chinese Mainland are immaterial and are made in accordance with the relevant local policies and regulations.

	As at 30 June 2025	As at 31 December 2024
Statement of financial position		
– Net obligations for pension benefits	306	320

Amounts recognised in comprehensive income in respect of the supplementary retirement benefits are as follows:

	Six months ended 30 June	
	2025	2024
Defined benefit costs recognised in profit or loss	10	13
Defined benefit revaluation recognised in other comprehensive income	5	–
Total	15	13

Past service cost and interest expense are recognised in other operating expenses in the income statement.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

13 INCOME TAX

	Six months ended 30 June	
	2025	2024
Current income tax		
– Enterprise income tax	1,486	2,082
– Hong Kong profits tax	774	866
– Other countries or regions	597	382
Subtotal	2,857	3,330
Deferred income tax (Note 23)	(2,402)	(1,477)
Total	455	1,853

The provision for enterprise income tax in Chinese Mainland is calculated based on the statutory rate of 25% (2024: 25%) of the assessable income of the Bank and each of the subsidiary established in Chinese Mainland. Taxation arising in other jurisdictions (including Hong Kong) is calculated at the rates prevailing in the relevant jurisdictions, the shortfall arising from the difference between tax paid by overseas branches and the accrued tax under the regulation of Chinese Mainland shall be compensated by the head office.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules* (“Pillar Two”). Some of jurisdictions where the Group’s overseas entities are located, had implemented Pillar Two legislation during the reporting period. According to amendments to IAS 12 on Pillar Two Model Rules, the Group does not recognise deferred tax assets and liabilities related to Pillar Two and does not disclose relevant information. As at 30 June 2025, the implementation of Pillar Two has no significant impact on the Group’s condensed consolidated financial statements.

The actual taxation on the Group differs from the theoretical amount calculated using the Group’s profit before tax at the tax rate of 25% (2024: 25%). The major reconciliation items are as follows:

	Note	Six months ended 30 June	
		2025	2024
Profit before tax		46,910	47,678
Tax calculated at statutory rate of 25%		11,728	11,920
Effects of different tax rates prevailing in other countries or regions		(276)	(271)
Effects of non-deductible expenses	(1)	1,806	2,689
Effects of non-taxable income	(2)	(12,371)	(11,843)
Adjustments for income tax filing of prior years		(11)	(221)
Others		(421)	(421)
Income tax		455	1,853

(1) Non-deductible expenses primarily represent non-deductible write-offs.

(2) Non-taxable income primarily represents interest income from PRC treasury bonds and municipal government bonds and fund investment income.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

14 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2025	2024
Net profit attributable to shareholders of the parent company	46,016	45,287
Less: Dividends paid to preference shareholders	–	(1,832)
Interest paid to perpetual bond holders	(1,685)	(1,685)
Net profit attributable to holders of ordinary shares of the parent company	44,331	41,770
Weighted average number of ordinary shares in issue (expressed in millions)		
at the end of the period	75,587	74,263
Basic and diluted earnings per share (expressed in RMB per share)	0.59	0.56

For the calculation of basic earnings per share, interests of RMB1,685 million on perpetual bond declared for the period was deducted from the amounts attributable to shareholders of the parent company.

The conversion feature of preference shares may lead to the possible existence of contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2025, and therefore the conversion feature of preference shares has no effect on the calculation of the basic and diluted earnings per share.

15 CASH AND BALANCES WITH CENTRAL BANKS

	As at	As at
	30 June 2025	31 December 2024
Cash	12,404	13,587
Statutory reserve deposits	623,441	638,301
Surplus reserve deposits	114,814	64,534
Fiscal deposits	718	677
Accrued interest	234	255
Total	751,611	717,354

The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

Surplus reserve deposits with central banks are mainly used for capital settlement, financial institution transfer, etc.

Reserve rate for deposits denominated in RMB of the Group's subsidiaries in Chinese Mainland is subject to relevant regulations of the PBOC.

Statutory reserve rate for deposits with central banks of overseas countries and regions is subject to regulations of local regulatory bodies.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

16 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025	As at 31 December 2024
Due from banks and other financial institutions		
– Banks and other financial institutions operating in Chinese Mainland	103,092	75,260
– Banks and other financial institutions operating outside Chinese Mainland	35,377	57,728
Accrued interest	950	775
Less: Allowance for impairment losses	(696)	(568)
Financial assets purchased under repurchase agreements		
– Securities	211,513	235,114
– Bills	499	18,174
Accrued interest	29	23
Less: Allowance for impairment losses	(1,159)	(1,115)
Placements with and loans to banks		
– Banks operating in Chinese Mainland	68,342	79,495
– Banks operating outside Chinese Mainland	169,999	153,610
Placements with and loans to other financial institutions		
– Placements with and loans to other financial institutions in Chinese Mainland	307,150	283,633
– Placements with and loans to other financial institutions outside Chinese Mainland	75,072	69,457
Accrued interest	4,260	4,756
Less: Allowance for impairment losses	(3,334)	(2,300)
Total	971,094	974,042

As at 30 June 2025 and 31 December 2024, due from banks and other financial institutions of the Group included pledged deposits, risk reserves and other deposits. The use of these deposits is restricted.

17 DERIVATIVE FINANCIAL INSTRUMENTS

A derivative is a financial instrument, the value of which changes in response to the changes in a specified foreign exchange rate, interest rate, commodity price or other similar variables. The Group utilize derivative financial instruments for trading or hedging purposes, including forwards, swaps and options.

The notional amount of a derivative represents the underlying amount of the specific financial instruments mentioned above. It indicates the volume of business transacted by the Group but does not reflect the risk.

The notional amounts and fair values of derivative financial instruments held by the Group are set out below:

As at 30 June 2025	Contractual/ notional amount	Fair values	
		Assets	Liabilities
Foreign exchange contracts	5,129,637	28,536	(30,260)
Interest rate contracts	5,220,844	24,780	(16,616)
Commodity contracts and others	105,167	4,581	(3,320)
Total amount of derivative financial instruments recognised	10,455,648	57,897	(50,196)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2024	Contractual/ notional amount	Fair values	
		Assets	Liabilities
Foreign exchange contracts	5,556,881	63,072	(63,594)
Interest rate contracts	5,146,982	34,855	(20,498)
Commodity contracts and others	150,332	2,448	(1,381)
Total amount of derivative financial instruments recognised	10,854,195	100,375	(85,473)

(1) Fair value hedge

The Group uses interest rate swaps to hedge against changes in fair value arising from changes in interest rates. Some purchased interest rate swap contracts are designated as hedging instruments, whose terms are identical with those of the corresponding hedged items regarding interest rate, maturity and currency. The Group uses regression analysis and critical term match to evaluate the effectiveness of hedging. With the support of testing results, the Group's management considers the hedging relationship to be highly effective.

For the six months ended 30 June 2025 and the six months ended 30 June 2024, the gain and loss arising from the ineffective portion of fair value value hedge were immaterial.

	As at 30 June 2025			As at 31 December 2024			Line items in the statement of financial position
	Contractual/ notional amount	Fair values		Contractual/ notional amount	Fair values		
		Assets	Liabilities		Assets	Liabilities	
Interest rate contract	279,238	6,664	(2,003)	250,693	10,985	(720)	Derivative financial assets/liabilities

- (a) The changes in fair value of the hedging instruments and net gains or losses arising from the hedged risk relating to the hedged items are set out below:

	Six months ended 30 June	
	2025	2024
Net gains or losses from fair value hedges:		
Hedging instruments	(5,334)	2,131
Hedged items attributable to the hedged risk	5,341	(1,900)
Total	7	231

- (b) The following table shows the fair value hedge notional amounts with remaining maturity of:

	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
As at 30 June 2025	4,599	11,282	24,141	155,533	83,683	279,238
As at 31 December 2024	2,778	2,467	36,312	134,073	75,063	250,693

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

17 DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*(1) Fair value hedge *(Continued)*

(c) Details of the Group's hedged items in fair value hedges are as follows:

	Carrying amount of hedged items		As at 30 June 2025 Accumulated adjustments to the fair value of hedged item		Line items in the statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	262,338	–	(4,654)	–	Financial investments at amortised cost/ Financial investments at fair value through other comprehensive income
Others	17,486	(7,456)	26	14	Due from and placements with banks and other financial institutions/Loans and advances to customers/Debt securities issued/Certificates of deposits issued
Total	279,824	(7,456)	(4,628)	14	

	Carrying amount of hedged items		As at 31 December 2024 Accumulated adjustments to the fair value of hedged item		Line items in the statement of financial position
	Assets	Liabilities	Assets	Liabilities	
Bonds	225,633	–	(10,234)	–	Financial investments at amortised cost/ Financial investments at FVOCI
Others	15,535	(8,816)	11	(45)	Due from and placements with banks and other financial institutions/Loans and advances to customers/Debt securities issued/Certificates of deposits issued
Total	241,168	(8,816)	(10,223)	(45)	

(2) Cash flow hedge

The Group uses foreign exchange contracts to hedge against exposures to cash flow variability primarily resulting from foreign exchange risks and uses interest rate swaps to hedge against exposures to cash flow variability primarily resulting from interest rate risks. The hedged items include due from and placements with banks and other financial institutions, loans and advances to customers, financial investments at amortised cost, financial investments at FVOCI, debt securities issued, due to and placements from banks and other financial institutions, certificates of deposits issued, other assets and other liability. The Group mainly uses regression analysis and critical term match to evaluate the effectiveness of hedging.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(2) Cash flow hedge (Continued)

For the six months ended 30 June 2025 and the six months ended 30 June 2024, the gain and loss arising from the ineffective portion of cash flow hedge were immaterial.

	As at 30 June 2025			As at 31 December 2024			Line items in the statement of financial position
	Contractual/ notional amount	Fair values		Contractual/ notional amount	Fair values		
		Assets	Liabilities		Assets	Liabilities	
Foreign exchange contract	159,131	700	(1,819)	164,199	2,465	(2,061)	Derivative financial assets/ liabilities
Interest rate contract	39,816	88	(162)	32,851	291	(40)	Derivative financial assets/ liabilities
Total	198,947	788	(1,981)	197,050	2,756	(2,101)	

(a) The following table shows the cash flow hedge notional amounts with remaining maturity of:

	Up to 1 month	1–3 months	3–12 months	1–5 years	Over 5 years	Total
As at 30 June 2025	12,291	15,687	112,751	54,113	4,105	198,947
As at 31 December 2024	21,953	49,758	84,886	37,218	3,235	197,050

(b) Information on the Group's risk exposures in cash flow hedges and the impact on equity and profit or loss is as follows:

Hedged items

	As at 30 June 2025		As at 31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Foreign risk	82,516	(89,340)	94,963	(105,654)
Interest risk	2,530	(32,911)	650	(30,877)
Total	85,046	(122,251)	95,613	(136,531)

Hedging instruments

For the six months ended 30 June 2025				
	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	Line item in the statement of profit or loss including reclassifications	cash flow hedge reserve
Foreign risk	1,205	(1,601)	Interest income, Interest expense, Net gains/ (losses) arising from trading activities	181
Interest risk	353	(99)	Net gains/(losses) arising from trading activities	(348)
Total	1,558	(1,700)		(167)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

17 DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*(2) Cash flow hedge *(Continued)*

For the six months ended 30 June 2024

	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	Line item in the statement of profit or loss including reclassifications	cash flow hedge reserve
Foreign risk	(552)	41	Interest income, Interest expense, Net gains/ (losses) arising from trading activities	(307)
Interest risk	63	–	Nil	(84)
Total	(489)	41		(391)

18 LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances to customers

	As at 30 June 2025	As at 31 December 2024
Loans and advances to customers		
– Carried at amortised cost	8,672,161	8,239,732
– Carried at FVOCI	326,320	315,373
– Carried at FVTPL	18	17
Less: Allowance for impairment losses	(237,504)	(222,750)
Accrued interest	19,377	20,956
Less: Allowance for impairment losses of accrued interest	(2,435)	(2,197)
Total	8,777,937	8,351,131

(2) Loans and advances to customers analysed by security type

	As at 30 June 2025	As at 31 December 2024
Unsecured loans	3,582,537	3,308,339
Guaranteed loans	1,541,963	1,419,438
Loans secured by collateral	2,770,908	2,733,002
Pledged loans	1,103,091	1,094,343
Total	8,998,499	8,555,122

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Movements of ECL allowance

Movements of ECL allowance – Loans and advances to customers at amortised cost:

	For the six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	97,035	55,473	70,242	222,750
Transfers:				
Transfer to Stage 1	4,409	(4,320)	(89)	–
Transfer to Stage 2	(2,070)	4,136	(2,066)	–
Transfer to Stage 3	(315)	(9,609)	9,924	–
Provision/(reversal)	7,360	11,482	10,341	29,183
Written-offs and disposals	–	–	(17,463)	(17,463)
Recovery of loans and advances written off in previous years	–	–	3,326	3,326
Others	22	72	(386)	(292)
As at 30 June 2025	106,441	57,234	73,829	237,504

	For the year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	80,672	55,340	67,763	203,775
Transfers:				
Transfer to Stage 1	6,027	(5,822)	(205)	–
Transfer to Stage 2	(2,344)	3,871	(1,527)	–
Transfer to Stage 3	(371)	(16,181)	16,552	–
Provision/(reversal)	13,043	18,180	18,547	49,770
Written-offs and disposals	–	–	(36,269)	(36,269)
Recovery of loans and advances written off in previous years	–	–	6,197	6,197
Others	8	85	(816)	(723)
As at 31 December 2024	97,035	55,473	70,242	222,750

Movements of ECL allowance – Loans and advances to customers at FVOCI:

	For the six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	2,168	558	49	2,775
Transfers:				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	1,011	(218)	(7)	786
Recovery of loans and advances written off in previous years	–	–	1	1
As at 30 June 2025	3,179	340	43	3,562

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Movements of ECL allowance (Continued)

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	2,281	191	62	2,534
Transfers:				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	(113)	367	2	256
Written-offs and disposals	–	–	(15)	(15)
Recovery of loans and advances written off in previous years	–	–	1	1
Others	–	–	(1)	(1)
As at 31 December 2024	2,168	558	49	2,775

(4) Overdue loans analysed by security type

	As at 30 June 2025				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	17,917	18,219	5,653	720	42,509
Guaranteed loans	3,493	5,689	9,271	5,214	23,667
Loans secured by collateral	13,911	19,671	18,122	3,262	54,966
Pledged loans	1,108	1,489	2,252	1,111	5,960
Total	36,429	45,068	35,298	10,307	127,102

	As at 31 December 2024				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	19,178	14,206	3,704	690	37,778
Guaranteed loans	4,035	3,230	9,138	2,205	18,608
Loans secured by collateral	17,839	16,480	15,812	5,365	55,496
Pledged loans	1,337	1,769	2,477	633	6,216
Total	42,389	35,685	31,131	8,893	118,098

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

19 FINANCIAL INVESTMENTS

	As at 30 June 2025	As at 31 December 2024
Financial investments at FVTPL		
– Listed in Hong Kong	25,908	27,531
– Listed outside Hong Kong	160,000	192,392
– Unlisted	416,110	436,229
Total	602,018	656,152
Financial investments at amortised cost		
– Listed in Hong Kong	15,964	17,094
– Listed outside Hong Kong	2,550,586	2,453,720
– Unlisted	78,000	89,096
Accrued interest	26,235	25,418
Less: Allowance for impairment losses	(3,608)	(3,535)
Total	2,667,177	2,581,793
Financial investments at FVOCI		
Debt investments at FVOCI		
– Listed in Hong Kong	81,048	73,334
– Listed outside Hong Kong	922,184	879,028
– Unlisted	107,405	101,858
Accrued interest	10,648	10,401
Subtotal	1,121,285	1,064,621
Equity instruments at FVOCI		
– Listed in Hong Kong	11,625	5,963
– Listed outside Hong Kong	2,346	5,243
– Unlisted	16,615	6,317
Subtotal	30,586	17,523
Total	1,151,871	1,082,144

Debt securities traded in the China domestic inter-bank bond market are included in Listed outside Hong Kong.

The financial investments at fair value through profit or loss include financial assets held for trading and financial assets that cannot pass the SPPI test.

The Group designates part of non-trading equity investments as financial investments measured at FVOCI.

For the six months ended 30 June 2025, the Group's cash dividends received from equity instruments at FVOCI was RMB457 million (for the six months ended 30 June 2024: RMB241 million). For the six months ended 30 June 2025, the Group's cumulative gain transferred from other comprehensive income to unappropriated profits as a result of the disposal of such equity instruments amounted to RMB44 million (for the six months ended 30 June 2024: RMB38 million).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

19 FINANCIAL INVESTMENTS *(Continued)*

Debt securities analysed by issuer are as follows:

	As at 30 June 2025	As at 31 December 2024
Financial investments at FVTPL		
– Governments and central banks	123,842	143,402
– Banks and other financial institutions	49,858	74,812
– Corporate entities	20,632	21,370
– Public sector entities	38	51
Total	194,370	239,635
Financial investments at amortised cost		
– Governments and central banks	2,516,774	2,402,724
– Banks and other financial institutions	78,649	105,888
– Corporate entities	35,596	32,748
– Public sector entities	10,329	11,429
Total	2,641,348	2,552,789
Debt investments at FVOCI		
– Governments and central banks	610,141	572,816
– Banks and other financial institutions	330,516	323,758
– Corporate entities	157,231	149,553
– Public sector entities	21,588	18,494
Total	1,119,476	1,064,621

The movements in allowance for impairment losses of financial investments at amortised cost are summarised as follows:

	For the six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	1,504	949	1,082	3,535
Transfers:				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(13)	13	–	–
Transfer to Stage 3	–	(290)	290	–
Provision/(reversal)	(108)	(29)	197	60
Others	12	1	–	13
As at 30 June 2025	1,395	644	1,569	3,608

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

19 FINANCIAL INVESTMENTS (Continued)

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	1,662	997	979	3,638
Transfers:				
<i>Transfer to Stage 1</i>	116	(116)	–	–
<i>Transfer to Stage 2</i>	(10)	10	–	–
<i>Transfer to Stage 3</i>	–	(7)	7	–
Provision/(reversal)	(263)	65	95	(103)
Others	(1)	–	1	–
As at 31 December 2024	1,504	949	1,082	3,535

The movements in allowance for impairment losses of debt investments at FVOCI are summarised as follows:

	For the six months ended 30 June 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2025	1,368	80	689	2,137
Transfers:				
<i>Transfer to Stage 1</i>	–	–	–	–
<i>Transfer to Stage 2</i>	(4)	4	–	–
<i>Transfer to Stage 3</i>	–	–	–	–
Provision/(reversal)	268	(41)	13	240
Written-offs	–	–	(148)	(148)
Others	(10)	–	(3)	(13)
As at 30 June 2025	1,622	43	551	2,216

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	1,094	23	1,314	2,431
Transfers:				
<i>Transfer to Stage 1</i>	21	(21)	–	–
<i>Transfer to Stage 2</i>	(6)	6	–	–
<i>Transfer to Stage 3</i>	–	–	–	–
Provision/(reversal)	256	72	73	401
Written-offs during the year	–	–	(727)	(727)
Recovery of debt investments written off in previous years	–	–	6	6
Others	3	–	23	26
As at 31 December 2024	1,368	80	689	2,137

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

20 PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Registered capital	Nature of entity	Place of operation	Place of registration	Nature of business	Proportion of shares held (%)		Means of acquisition
						Direct	Indirect	
Bank of Communications Financial Leasing Co., Ltd.	RMB20,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial leasing	100.00	–	Establishment
Bank of Communications International Trust Co., Ltd.	RMB5,764,705,882	Limited liability company	Shanghai, China	Chinese Mainland	Trust investment	85.00	–	Investment
Bank of Communications Schroder Fund Management Co., Ltd.	RMB200,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Fund management	65.00	–	Establishment
BOCOM Wealth Management Co., Ltd.	RMB8,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial products issuing and financial consulting	100.00	–	Establishment
BOCOM MSIG Life Insurance Company Limited	RMB5,100,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Life Insurance	62.50	–	Investment
Bank of Communications Financial Assets Investment Co., Ltd.	RMB15,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Debt-to-equity swaps	100.00	–	Establishment
BOCOM International Holdings Company Limited	HKD2,734,392,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Securities dealing and brokerage	73.14	–	Establishment
China BOCOM Insurance Co., Ltd.	HKD400,000,000	Foreign legal entity	Hong Kong, China	Hong Kong China	General insurance and reinsurance	100.00	–	Establishment
Dayi BOCOM Xingmin Rural Bank Ltd.	RMB230,000,000	Limited liability company	Sichuan, China	Chinese Mainland	Commercial banking	97.29	–	Establishment
Zhejiang Anji BOCOM Rural Bank Ltd.	RMB180,000,000	Joint stock company	Zhejiang, China	Chinese Mainland	Commercial banking	51.00	–	Establishment
Xinjiang Shihezi BOCOM Rural Bank Company Ltd.	RMB150,000,000	Joint stock company	Xinjiang, China	Chinese Mainland	Commercial banking	51.00	–	Establishment
Qingdao Laoshan BOCOM Rural Bank Company Ltd.	RMB150,000,000	Joint stock company	Shandong, China	Chinese Mainland	Commercial banking	51.00	–	Establishment
Bank of Communications (Hong Kong) Limited	HKD45,000,000,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Commercial banking	100.00	–	Establishment
Bank of Communications (Luxembourg) Limited	EUR350,000,000	Foreign legal entity	Luxembourg	Luxembourg	Commercial banking	100.00	–	Establishment
BOCOM Brazil Holding Company Ltda	BRL700,000,000	Foreign legal entity	Rio de Janeiro, Brazil	Brazil	Investment	100.00	–	Establishment

As at 30 June 2025, the amount of non-controlling interests of these subsidiaries is insignificant to the Group.

21 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2025	As at 31 December 2024
Investments in associates		
Investment cost	10,385	8,412
Share of net profit of associates	2,930	2,718
Share of other equity changes of associates	189	146
Dividend income	(550)	(474)
Allowance for impairment losses	–	(2)
Subtotal	12,954	10,800
Investments in joint ventures	834	801
Total	13,788	11,601

The Group performed impairment tests on investments in associates and joint ventures. The recoverable amount of the associates and joint ventures is determined based on the discounted future cash flows of the associates and joint ventures. The cash flow projections are based on financial forecasts approved by management of the the associates and joint ventures. The average growth rates, discount rate, and other assumptions adopted to forecast cash flows respectively reflect the specific risks associated with them.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

21 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

The Group's investments in associates mainly include the investments in Jiangsu Changshu Rural Commercial Bank Co., Ltd., Bank of Tibet Co., Ltd., National Green Development Fund Co., Ltd., Guomin Pension&Insurance Co., Ltd. and National Integrated Circuit Industry Investment Fund Phase III Co., Ltd.

Jiangsu Changshu Rural Commercial Bank Co., Ltd. was incorporated in Changshu City, Jiangsu Province on 3 December 2001. The registered capital of the entity is RMB3,015 million, and the principal activities of the entity are banking activities. The Group held 9.01% of equity interest in this associate as at 30 June 2025 (31 December 2024: 9.01%).

Bank of Tibet Co., Ltd. was incorporated in Tibet Autonomous Region, PRC on 30 December 2011. The registered capital of the entity is RMB3,320 million, and the principal activities of the entity are banking activities. The Group held 10.60% of equity interest in this associate as at 30 June 2025 (31 December 2024: 10.60%).

National Green Development Fund Co., Ltd. was incorporated in Shanghai on 14 July 2020. The registered capital of the entity is RMB88,500 million, and the principal activities of the entity are fund management activities. The Group held 8.47% of equity interest in this associate as at 30 June 2025 (31 December 2024: 8.47%).

Guomin Pension&Insurance Co., Ltd. was incorporated in Beijing on 22 March 2022. The registered capital of the entity is RMB11,378 million, and the principal activities of the entity are pension insurance activities. The Group held 8.79% of equity interest in this associate as at 30 June 2025 (31 December 2024: 8.79%).

National Integrated Circuit Industry Investment Fund Phase III Co., Ltd. was incorporated in Beijing on 24 May 2024. The registered capital of the entity is RMB344,000 million, and the principal activities of the entity are fund management activities. The Group held 5.81% of equity interest in this associate as at 30 June 2025 (31 December 2024: 5.81%).

22 PROPERTY AND EQUIPMENT

	Buildings	Construction in progress	Equipments and transportation equipments	Equipments under operating leases	Total
Cost					
As at 1 January 2025	78,720	1,636	33,590	236,720	350,666
Additions	29	372	247	18,479	19,127
Construction in progress transfer in/(out)	33	(33)	-	-	-
Transfer from investment properties	1	-	-	-	1
Transfer to investment properties	(44)	-	-	-	(44)
Decreases	(549)	(2)	(898)	(8,151)	(9,600)
As at 30 June 2025	78,190	1,973	32,939	247,048	360,150
Accumulated depreciation					
As at 1 January 2025	(36,542)	-	(24,677)	(45,281)	(106,500)
Charge for the period	(1,319)	-	(1,947)	(5,047)	(8,313)
Decreases	438	-	868	2,315	3,621
As at 30 June 2025	(37,423)	-	(25,756)	(48,013)	(111,192)
Allowance for impairment losses					
As at 1 January 2025	-	(16)	-	(5,201)	(5,217)
Charge for the period	-	-	-	(520)	(520)
Decreases	-	-	-	1,560	1,560
As at 30 June 2025	-	(16)	-	(4,161)	(4,177)
Net book value					
As at 30 June 2025	40,767	1,957	7,183	194,874	244,781

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

22 PROPERTY AND EQUIPMENT *(Continued)*

	Buildings	Construction in progress	Equipments and transportation equipments	Equipments under operating leases	Total
Cost					
As at 1 January 2024	78,239	2,042	31,801	206,036	318,118
Additions	287	449	3,628	39,814	44,178
Construction in progress transfer in/(out)	840	(840)	–	–	–
Transfer from investment properties	6	–	–	–	6
Decreases	(652)	(15)	(1,839)	(9,130)	(11,636)
As at 31 December 2024	78,720	1,636	33,590	236,720	350,666
Accumulated depreciation					
As at 1 January 2024	(34,053)	–	(22,466)	(39,499)	(96,018)
Charge for the year	(2,783)	–	(3,932)	(9,872)	(16,587)
Decreases	294	–	1,721	4,090	6,105
As at 31 December 2024	(36,542)	–	(24,677)	(45,281)	(106,500)
Allowance for impairment losses					
As at 1 January 2024	–	(16)	–	(4,333)	(4,349)
Charge for the year	–	–	–	(1,409)	(1,409)
Decreases	–	–	–	541	541
As at 31 December 2024	–	(16)	–	(5,201)	(5,217)
Net book value					
As at 31 December 2024	42,178	1,620	8,913	186,238	238,949

As at 30 June 2025, the net book value of the operating leased aircrafts, vessels and equipments used as collateral for borrowings was RMB59,868 million (As at 31 December 2024: RMB59,710 million).

As at 30 June 2025, the process of obtaining ownership certificate for the Group's buildings with an aggregate original book value of RMB172 million (31 December 2024: RMB172 million) was still in progress. This aforesaid matter would not affect the rights of the Group on these assets.

23 DEFERRED INCOME TAX

Deferred income taxes for transactions in PRC are calculated on all temporary differences using an effective tax rate of 25% for the six months ended 30 June 2025 (for the year ended 31 December 2024: 25%). Deferred income taxes for transactions in Hong Kong are calculated on all temporary differences using an effective tax rate of 16.5% (for the year ended 31 December 2024: 16.5%).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

23 DEFERRED INCOME TAX *(Continued)*

Deferred income tax assets and liabilities are attributable to the following items:

	As at 30 June 2025		As at 31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred income tax assets				
Allowance for impairment of assets	181,414	45,375	168,576	42,144
Changes in fair value of derivative financial liabilities	48,486	12,163	84,100	21,025
Provisions	10,079	2,517	10,308	2,577
Changes in fair value of financial instruments at FVTPL	6,633	1,670	10,756	2,689
Changes in fair value of financial assets at FVOCI	5,776	1,444	5,824	1,456
Others	25,825	6,419	24,884	6,221
Subtotal	278,213	69,588	304,448	76,112
Deferred income tax liabilities				
Changes in fair value of derivative financial assets	(52,808)	(13,285)	(91,584)	(22,896)
Changes in fair value of financial instruments at FVTPL	(9,473)	(2,365)	(10,064)	(2,516)
Changes in fair value of financial assets at FVOCI	(30,353)	(7,418)	(28,364)	(7,091)
Others	(22,111)	(5,508)	(20,724)	(5,181)
Subtotal	(114,745)	(28,576)	(150,736)	(37,684)
Net deferred income tax assets	163,468	41,012	153,712	38,428

The above net deferred income tax assets are disclosed separately on the statements of financial position based on different taxation authorities and entities:

	As at 30 June 2025	As at 31 December 2024
Deferred income tax assets	44,162	42,752
Deferred income tax liabilities	(3,150)	(4,324)
	For the six months ended 30 June 2025	For the year ended 31 December 2024
Net opening balance	38,428	37,972
Net change in deferred income tax recognised in income tax expense in the current period/year	2,402	4,681
Net changes in deferred income tax recognised in other comprehensive income in the current period/year	182	(4,225)
Net ending balance	41,012	38,428

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

24 OTHER ASSETS

	Note	As at 30 June 2025	As at 31 December 2024
Accounts receivable and temporary payments		102,811	90,410
Less: Allowance for impairment losses	(1)	(2,832)	(2,038)
Advance payments		15,669	17,978
Precious metal		6,878	8,231
Right-of-use assets	(2)	6,465	6,674
Investment properties	(3)	5,440	5,456
Intangible assets	(4)	2,729	2,894
Interest receivable	(5)	2,482	2,345
Land use rights and others		1,901	1,947
Refundable deposits		1,117	1,208
Long-term deferred expenses		928	1,057
Foreclosed assets		521	523
Goodwill	(6)	404	399
Unsettled assets		30	30
Others		8,526	7,310
Total		153,069	144,424

(1) Allowance for impairment losses

	As at 1 January 2025	Amounts accrued	Reversal	Written-offs	Transfers in	Recoveries after written-offs	Others	As at 30 June 2025
Accounts receivable and temporary prepayments	(2,038)	(3,432)	2,419	248	4	(26)	(7)	(2,832)

	As at 1 January 2024	Amounts accrued	Reversal	Written-offs	Transfers in	Recoveries after written-offs	Others	As at 31 December 2024
Accounts receivable and temporary prepayments	(2,752)	(6,743)	6,679	871	–	(108)	15	(2,038)

(2) Right-of-use assets

	As at 30 June 2025	As at 31 December 2024
Cost		
Opening balance	13,899	13,777
Additions	1,003	2,570
Decreases	(1,107)	(2,448)
As at the end of the period/year	13,795	13,899
Accumulated depreciation:		
Opening balance	(7,225)	(7,124)
Additions	(1,083)	(2,195)
Decreases	978	2,094
As at the end of the period/year	(7,330)	(7,225)
Net book value	6,465	6,674
Lease liabilities	6,439	6,539

As at 30 June 2025, the lease payment related to lease contracts signed but not yet commenced amounted to RMB174 million (As at 31 December 2024: RMB108 million).

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

24 OTHER ASSETS (Continued)

(3) Investment properties

	As at 1 January 2025	Increases	Property revaluation	Exchange differences	As at 30 June 2025
Investment properties	5,456	43	(50)	(9)	5,440
	As at 1 January 2024	Decreases	Property revaluation	Exchange differences	As at 31 December 2024
Investment properties	5,525	(6)	(79)	16	5,456

The Group's investment properties are located in active real estate markets. The external appraisers make reasonable estimation of fair value using market prices and other related information of the similar properties.

As at 30 June 2025 and 31 December 2024, fair value hierarchies of the investment properties of the Group are as follows:

	Level 1	Level 2	Level 3	As at 30 June 2025
Commercial property units located in Hong Kong	–	–	578	578
Commercial property units located outside Hong Kong	–	–	4,862	4,862
	Level 1	Level 2	Level 3	As at 31 December 2024
Commercial property units located in Hong Kong	–	–	639	639
Commercial property units located outside Hong Kong	–	–	4,817	4,817

The valuation of investment properties was performed by independent qualified professional valuers not connected to the Group. Valuation methodologies include "Rental Income Approach" and "Market Approach". The inputs to these models mainly include growth rate of rental, vacancy rate, future rent income years, capitalisation rate and unit price.

(4) Intangible assets

	Computer software
Cost	
As at 1 January 2025	7,226
Additions	175
Disposals	(10)
As at 30 June 2025	7,391
Accumulated amortization	
As at 1 January 2025	(4,332)
Charge for the period	(338)
Disposals	8
As at 30 June 2025	(4,662)
Net book value	2,729

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

24 OTHER ASSETS *(Continued)*(4) Intangible assets *(Continued)*

	Computer software
Cost	
As at 1 January 2024	6,412
Additions	825
Disposals	(11)
As at 31 December 2024	7,226
Accumulated amortization	
As at 1 January 2024	(3,697)
Charge for the year	(639)
Disposals	4
As at 31 December 2024	(4,332)
Net book value	2,894

- (5) The interest receivable account only reflects the interest for relevant financial instruments which is due but not received on balance sheet date.

(6) Goodwill

	As at 1 January 2025	For the six months ended 30 June 2025			As at 30 June 2025
		Addition during the period	Decrease during the period	Exchange differences	
Bank of Communications International Trust Co., Ltd.	200	-	-	-	200
BOCOM MSIG Life Insurance Company Limited	122	-	-	-	122
BANCO BOCOM BBM S.A.	77	-	-	5	82
Total	399	-	-	5	404

	As at 1 January 2024	For the year ended 31 December 2024			As at 31 December 2024
		Addition during the year	Decrease during the year	Exchange differences	
Bank of Communications International Trust Co., Ltd.	200	-	-	-	200
BOCOM MSIG Life Insurance Company Limited	122	-	-	-	122
BANCO BOCOM BBM S.A.	93	-	-	(16)	77
Total	415	-	-	(16)	399

At each end of year, the Group performed impairment tests on goodwill. In the test, the Group compares the book value of cash-generating unit (CGU) or CGUs (including goodwill) with the recoverable amount. If the recoverable amount is less than the book value, the related difference is recognised in profit or loss.

The Group calculates the recoverable amount of CGU and CGUs using cash flow models based on the management's approved financial forecasts and fixed growth rates afterwards.

As indicated by the impairment tests, goodwill arising from business combinations is not impaired and therefore, no impairment loss is recognised.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

25 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2025	As at 31 December 2024
Borrowing from central banks	242,600	269,482
Accrued interest	2,097	3,798
Due to banks		
– Banks operating in Chinese Mainland	230,595	286,467
– Banks operating outside Chinese Mainland	9,145	5,215
Due to other financial institutions		
– Other financial institutions operating in Chinese Mainland	811,388	774,903
– Other financial institutions operating outside Chinese Mainland	3,740	5,371
Accrued interest	2,217	1,618
Placements from banks		
– Banks operating in Chinese Mainland	292,852	326,066
– Banks operating outside Chinese Mainland	176,543	180,662
Placements from other financial institutions		
– Other financial institutions operating in Chinese Mainland	–	1,000
– Other financial institutions operating outside Chinese Mainland	11,339	13,376
Accrued interest	2,284	2,583
Financial assets sold under repurchase agreements		
Securities	498,652	544,484
Bills	40,367	15,698
Accrued interest	855	728
Total	2,324,674	2,431,451

26 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025	As at 31 December 2024
Certificates of deposit issued	33,891	37,516
Financial liabilities related to precious metal contracts	8,102	4,372
Notes issued	62	208
Short position of securities held for trading	–	321
Others (1)	15,207	7,837
Total	57,262	50,254

- (1) As at 30 June 2025 and 31 December 2024, others mainly are liabilities of consolidated structured entities and shares held by other parties rather than the Group.

For the six months ended 30 June 2025 and the year ended 31 December 2024, there were no significant changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss that were attributable to the changes in credit risk.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

27 DEPOSITS FROM CUSTOMERS

	As at 30 June 2025	As at 31 December 2024
Corporate demand deposits	1,869,774	1,961,964
Corporate time deposits	3,175,433	2,938,296
Personal demand deposits	998,035	949,259
Personal time deposits	2,961,890	2,780,288
Other deposits	2,546	3,436
Deposits from customers	9,007,678	8,633,243
Accrued interest	163,680	167,092
Total	9,171,358	8,800,335

As at 30 June 2025, deposits from customers comprised deposits pledged as collateral of RMB313,774 million (As at 31 December 2024: RMB349,533 million).

28 CERTIFICATES OF DEPOSITS ISSUED

Certificates of deposits at year end were issued by Head office, the Bank's overseas branches and subsidiaries are measured at amortised cost.

29 DEBT SECURITIES ISSUED

	Note	As at 30 June 2025	As at 31 December 2024
Carried at amortised cost:			
Bonds	(1)	470,462	402,609
Tier-2 capital bonds	(2)	213,154	253,180
Subordinated bonds	(3)	4,800	4,800
Accrued interest		9,404	7,539
Subtotal		697,820	668,128
Carried at fair value:			
Bonds	(1)	14,008	23,120
Total		711,828	691,248

(1) Bonds

Detailed information of bonds held at amortised cost is as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
The Bank								
22 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.75	30,000	2022/06/15	3 years	–	30,000
22 Bocom Green Financial Bond	RMB	Chinese Mainland	2.42	20,000	2022/08/05	3 years	20,000	20,000
22 Bocom Micro Small Enterprises Bond 02	RMB	Chinese Mainland	2.98	30,000	2022/12/09	3 years	29,999	29,999
22 Bocom Green Financial Bond 02	RMB	Chinese Mainland	2.96	10,000	2022/12/09	3 years	10,000	10,000
23 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.80	30,000	2023/03/27	3 years	29,999	29,999
23 Bocom Green Financial Bond 01	RMB	Chinese Mainland	2.77	30,000	2023/04/25	3 years	29,999	29,999
23 Bocomm 01	RMB	Chinese Mainland	2.59	38,000	2023/07/18	3 years	37,999	37,999
23 Bocomm 02	RMB	Chinese Mainland	2.70	30,000	2023/09/22	3 years	29,999	29,999

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

29 DEBT SECURITIES ISSUED (Continued)

(1) Bonds (Continued)

Detailed information of bonds held at amortised cost is as follows: (Continued)

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
24 Bocomm 01	RMB	Chinese Mainland	2.20	25,000	2024/05/23	3 years	24,999	24,999
24 Bocomm Green Financial Bond 01	RMB	Chinese Mainland	2.14	5,000	2024/05/23	3 years	5,000	5,000
24 Bocomm 02BC	RMB	Chinese Mainland	1.95	30,000	2024/09/25	3 years	29,999	29,999
24 Bocomm 03BC	RMB	Chinese Mainland	2.14	20,000	2024/10/28	3 years	19,999	19,999
24 Bocomm TLAC non-capital bond 01(BC)	RMB	Chinese Mainland	2.11	30,000	2024/11/25	4 years	29,998	29,998
25 Bocomm Green Financial Bond 01A(BC)	RMB	Chinese Mainland	1.70	25,000	2025/04/08	3 years	25,000	–
25 Bocomm Green Financial Bond 01B(BC)	RMB	Chinese Mainland	1.76	5,000	2025/04/08	5 years	5,000	–
25 Bocom Science and Technology Innovation Bond 01	RMB	Chinese Mainland	1.65	15,000	2025/05/13	3 years	15,000	–
25 Bocom Science and Technology Innovation Bond 02	RMB	Chinese Mainland	1.77	5,000	2025/05/13	5 years	5,000	–
25 Bocomm TLAC non-capital bond 01A(BC)	RMB	Chinese Mainland	1.79	34,000	2025/06/12	4 years	34,000	–
25 Bocomm TLAC non-capital bond 01B(BC)	RMB	Chinese Mainland	1.88	6,000	2025/06/12	6 years	6,000	–
20 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+1.16161	400	2020/07/20	5 years	2,865	2,876
20 Hong Kong medium-term notes 07	USD	Hong Kong, China	1.20	800	2020/09/10	5 years	5,728	5,749
23 Hong Kong medium-term notes 04	USD	Hong Kong, China	SOFR+0.65	60	2023/06/29	3 years	430	431
23 Hong Kong medium-term notes 05	USD	Hong Kong, China	SOFR+0.65	20	2023/06/29	3 years	143	144
23 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.65	50	2023/06/29	3 years	358	359
23 Hong Kong medium-term notes 07	USD	Hong Kong, China	SOFR+0.65	40	2023/06/29	3 years	286	287
23 Hong Kong medium-term notes 08	USD	Hong Kong, China	SOFR+0.65	15	2023/06/29	3 years	108	108
23 Hong Kong medium-term notes 12	USD	Hong Kong, China	SOFR+0.60	475	2023/08/30	3 years	3,402	3,415
BOCOM Float Green 07/03/25	USD	Hong Kong, China	SOFR+0.3	90	2024/07/05	363 days	642	653
BOCOM Float 07/03/25	USD	Hong Kong, China	SOFR+0.3	400	2024/07/05	363 days	2,853	2,902
24 Hong Kong medium-term notes 02	USD	Hong Kong, China	SOFR+0.55	550	2024/08/01	3 years	3,939	3,955
24 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.00	100	2024/08/20	3 years	715	708
24 Hong Kong medium-term notes 04	USD	Hong Kong, China	4.10	102	2024/08/28	3 years	731	724
24 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.57	300	2024/12/11	3 years	2,149	2,157
25 Hong Kong medium-term notes 01	USD	Hong Kong, China	SOFR+0.55	300	2025/01/17	3 years	2,149	–
BOCOM 3.21 05/10/2028	HKD	Hong Kong, China	3.21	800	2025/05/02	1094 days	737	–
BOCOM F 05/11/2026	USD	Hong Kong, China	SOFR+0.2	400	2025/05/02	364 days	2,861	–
BOCOM F 06/25/2027	USD	Hong Kong, China	SOFR+0.3	400	2025/06/27	2 years	2,853	–
Subtotal							420,939	352,458
Subsidiaries								
20 Financial Investing 02	RMB	Chinese Mainland	2.80	7,000	2020/03/11	5 years	–	7,000
22 Pearl notes	RMB	Chinese Mainland	2.90	2,400	2022/12/15	3 years	1,680	1,683
23 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.80	3,000	2023/11/09	3 years	2,997	2,995
23 Bocomm Leasing 01	RMB	Chinese Mainland	2.88	3,000	2023/12/08	3 years	2,996	2,995
24 Bocomm Leasing 01	RMB	Chinese Mainland	2.59	3,000	2024/02/01	3 years	2,996	2,995
24 Bocomm Leasing 02	RMB	Chinese Mainland	2.24	2,000	2024/05/16	3 years	1,997	1,996
24 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.10	1,500	2024/06/18	3 years	1,468	1,467
24 Bocomm Leasing Green Bond 02BC	RMB	Chinese Mainland	1.95	1,500	2024/09/23	3 years	1,497	1,497
25 Bocomm Leasing Green Bond 01BC	RMB	Chinese Mainland	1.70	3,500	2025/06/16	3 years	3,150	–
23 RMB Private Bond 01	RMB	Hong Kong, China	3.50	1,000	2023/03/07	2 years	–	1,000
23 CNY medium-term notes 01	RMB	Hong Kong, China	3.00	760	2023/07/26	3 years	759	759
23 CNY medium-term notes 03	RMB	Hong Kong, China	3.30	700	2023/10/20	3 years	699	698
23 CNY medium-term notes 04	RMB	Hong Kong, China	3.50	400	2023/11/20	3 years	399	399
23 CNY medium-term notes 05	RMB	Hong Kong, China	3.35	300	2023/12/01	3 years	300	300

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

29 DEBT SECURITIES ISSUED (Continued)

(1) Bonds (Continued)

Detailed information of bonds held at amortised cost is as follows: (Continued)

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
24 CNY medium-term notes 01	RMB	Hong Kong, China	3.00	360	2024/03/14	3 years	360	360
24 CNY medium-term notes 02	RMB	Hong Kong, China	3.05	300	2024/07/24	3 years	300	300
Azure Nova	USD	Hong Kong, China	4.25	250	2017/03/21	10 years	1,788	1,794
10 Year USD bond	USD	Hong Kong, China	4.00	250	2018/01/25	10 years	1,783	1,789
20 USD medium-term notes 01	USD	Hong Kong, China	SOFR+1.21161	500	2020/03/02	5 years	–	1,923
20 USD medium-term notes 04	USD	Hong Kong, China	SOFR+1.96161	450	2020/07/14	5 years	1,720	1,517
21 Bocomm International 01	USD	Hong Kong, China	1.75	500	2021/06/22	5 years	3,295	3,309
23 USD medium-term notes 10	USD	Hong Kong, China	SOFR+1.00	240	2023/12/20	3 years	715	715
24 USD medium-term notes 01	USD	Hong Kong, China	SOFR+0.92	150	2024/02/26	3 years	372	374
24 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.92	135	2024/03/04	3 years	966	970
24 USD medium-term notes 03	USD	Hong Kong, China	5.20	30	2024/05/17	3 years	215	216
24 USD medium-term notes 04	USD	Hong Kong, China	SOFR+0.75	100	2024/05/28	3 years	716	719
24 USD medium-term notes 05	USD	Hong Kong, China	5.00	300	2024/06/26	3 years	1,833	1,697
24 USD medium-term notes 06	USD	Hong Kong, China	SOFR+0.68	650	2024/06/26	3 years	3,719	3,731
24 USD medium-term notes 08	USD	Hong Kong, China	SOFR+0.75	400	2024/08/23	3 years	2,380	2,388
24 USD medium-term notes 09	USD	Hong Kong, China	4.50	250	2024/08/23	3 years	1,242	1,245
24 HKD medium-term notes 01	HKD	Hong Kong, China	4.60	368	2024/05/29	3 years	336	341
24 HKD medium-term notes 03	HKD	Hong Kong, China	4.15	450	2024/07/29	3 years	410	417
25 HKD medium-term notes 01	HKD	Hong Kong, China	4.25	200	2025/02/24	3 years	182	–
25 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.67	500	2025/03/07	3 years	3,109	–
25 USD medium-term notes 03	USD	Hong Kong, China	SOFR+0.77	500	2025/03/07	5 years	2,550	–
22 Brazil bonds 01	BRL	Brazil	CDI+2.60	270	2022/02/07	10 years	341	323
22 Brazil bonds 02	BRL	Brazil	CDI+2.40	200	2022/11/29	10 years	253	239
Subtotal							49,523	50,151
Total							470,462	402,609

Detailed information of bonds held at fair value is as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Fair value at the end of the period	Fair value at the beginning of the period
The Bank								
23 Hong Kong medium-term notes 02	RMB	Hong Kong, China	2.97	3,800	2023/02/28	2 years	–	3,784
24 Hong Kong medium-term notes 01	RMB	Hong Kong, China	2.83	800	2024/08/01	3 years	825	806
24 Hong Kong medium-term notes 07	RMB	Hong Kong, China	2.38	3,600	2024/12/11	2 years	3,633	3,554
22 Hong Kong medium-term notes 03	USD	Hong Kong, China	2.375	400	2022/03/21	3 years	–	2,879
22 Hong Kong medium-term notes 05	USD	Hong Kong, China	4.75	200	2022/11/30	3 years	1,440	1,441
23 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.875	600	2023/02/28	3 years	4,385	4,394
23 Hong Kong medium-term notes 09	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	359	356
23 Hong Kong medium-term notes 10	USD	Hong Kong, China	4.50	40	2023/06/26	5 years	287	285
23 Hong Kong medium-term notes 11	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	359	356
23 Hong Kong medium-term notes 13	USD	Hong Kong, China	SOFR+0.60	25	2023/08/30	3 years	180	181
23 Hong Kong medium-term notes 01	HKD	Hong Kong, China	4.50	2,700	2023/02/28	2 years	–	2,541
24 Hong Kong medium-term notes 05	HKD	Hong Kong, China	4.08	2,700	2024/08/01	2 years	2,540	2,543
Total							14,008	23,120

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

29 DEBT SECURITIES ISSUED (Continued)

(2) Tier 2 capital bonds

Detailed information of Tier 2 capital bonds is disclosed as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Note	Ending balance	Opening balance
The Bank									
19 BoComm 02	RMB	Chinese Mainland	4.49	10,000	2019/08/14	15 years	(a)	9,999	9,999
20 BoComm	RMB	Chinese Mainland	3.24	40,000	2020/05/19	10 years	(b)	–	39,997
21 BoComm	RMB	Chinese Mainland	3.65	30,000	2021/09/23	10 years	(c)	29,999	29,999
22 BoComm 01	RMB	Chinese Mainland	3.45	30,000	2022/02/23	10 years	(d)	29,999	29,999
22 BoComm 02A	RMB	Chinese Mainland	3.03	37,000	2022/11/11	10 years	(e)	36,999	36,999
22 BoComm 02B	RMB	Chinese Mainland	3.36	13,000	2022/11/11	15 years	(f)	12,999	12,999
23 BoComm 01A	RMB	Chinese Mainland	3.30	15,000	2023/11/15	10 years	(g)	14,999	14,999
23 BoComm 01B	RMB	Chinese Mainland	3.40	15,000	2023/11/15	15 years	(h)	15,000	15,000
24 BoComm 01A	RMB	Chinese Mainland	2.45	15,000	2024/04/26	10 years	(i)	15,000	15,000
24 BoComm 01B	RMB	Chinese Mainland	2.60	11,000	2024/04/26	15 years	(j)	11,000	11,000
24 BoComm 02A	RMB	Chinese Mainland	2.18	20,000	2024/07/24	10 years	(k)	19,999	19,999
24 BoComm 02B	RMB	Chinese Mainland	2.37	10,000	2024/07/24	15 years	(l)	10,000	10,000
Subtotal								205,993	245,990
Subsidiaries									
21 BoComm Hong Kong	USD	Hong Kong, China	2.304	1,000	2021/07/08	10 years	(m)	7,161	7,190
Subtotal								7,161	7,190
Total								213,154	253,180

- (a) The Group has an option to redeem 19 BoComm 02 at the par value partially or as a whole on 16 August 2029, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (b) The Group had exercised the redemption right and redeemed 20 BoComm at the par value as a whole on 21 May 2025.
- (c) The Group has an option to redeem 21 BoComm at the par value partially or as a whole on 27 September 2026, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (d) The Group has an option to redeem 22 BoComm 01 at the par value partially or as a whole on 25 February 2027, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (e) The Group has an option to redeem 22 BoComm 02A at the par value partially or as a whole on 15 November 2027, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (f) The Group has an option to redeem 22 BoComm 02B at the par value partially or as a whole on 15 November 2032, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (g) The Group has an option to redeem 23 BoComm 01A at the par value partially or as a whole on 17 November 2028, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

29 DEBT SECURITIES ISSUED *(Continued)***(2) Tier 2 capital bonds** *(Continued)*

- (h) The Group has an option to redeem 23 BoComm 01B at the par value partially or as a whole on 17 November 2033, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (i) The Group has an option to redeem 24 BoComm 01A at the par value partially or as a whole on 29 April 2029, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (j) The Group has an option to redeem 24 BoComm 01B at the par value partially or as a whole on 29 April 2034, the first day upon the end of the fifth interest-bearing year, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (k) The Group has an option to redeem 24 BoComm 02A at the par value partially or as a whole on 26 July 2029, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (l) The Group has an option to redeem 24 BoComm 02B at the par value partially or as a whole on 26 July 2034, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's permission is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (m) The Group has an option to redeem 21 BoComm Hong Kong as a whole on 8 July 2026. If the issuer does not exercise the redemption right by 8 July 2026, the interest rate will be readjusted based on the 5-year U.S. Treasury rate plus 140 basis points initial rate differential.

These tier-2 capital bonds have the write-down feature, which allows the Group to write down the partial or entire principals of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These bonds are regarded as tier-2 capital without any guarantees provided and the proceeds of the debts cannot be used for compensating daily operating loss of the Group.

(3) Subordinated bonds

Detailed information of subordinated bonds is disclosed as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Note	Ending balance	Opening balance
Subsidiary									
21 Insurance 01	RMB	Chinese Mainland	4.30	3,000	2021/03/25	10 years	(a)	3,000	3,000
21 Insurance 02	RMB	Chinese Mainland	3.93	1,800	2021/07/27	10 years	(a)	1,800	1,800
Total								4,800	4,800

- (a) BOCOM MSIG Life Insurance Company Limited has an option to redeem the bonds at the par value partially or as a whole on the last day of the fifth interest-bearing year, provided that the permission of PBOC and NFRA is acquired in advance and the BOCOM MSIG Life Insurance Company Limited's solvency ratio is not less than 100% if the redemption is exercised.
- (4) As at 30 June 2025, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the debt securities issued.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

30 OTHER LIABILITIES

	Note	As at 30 June 2025	As at 31 December 2024
Insurance contract liabilities		146,440	134,959
Clearing and settlement		57,113	53,148
Staff compensation payable		10,157	19,449
Expected credit impairment allowance of credit related commitments and financial guarantees	(1)	9,724	9,888
VAT and other taxes payable		6,824	6,529
Lease liabilities		6,439	6,539
Deposits received for finance lease		5,834	5,999
Special purpose funding		1,532	1,542
Dividends payable		406	13,757
Provision for outstanding litigations	(2)	301	407
Others		47,218	37,390
Total		291,988	289,607

(1) Movements in the expected credit impairment allowance of credit related commitments and financial guarantees

	For the six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	8,884	708	296	9,888
Transfers:				
Transfer to Stage 1	79	(79)	–	–
Transfer to Stage 2	(54)	54	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	318	(139)	18	197
Others	–	(79)	(282)	(361)
As at 30 June 2025	9,227	465	32	9,724

	For the year ended 31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	8,275	551	–	8,826
Transfers:				
Transfer to Stage 1	162	(162)	–	–
Transfer to Stage 2	(151)	151	–	–
Transfer to Stage 3	(10)	–	10	–
Provision/(reversal)	613	237	289	1,139
Others	(5)	(69)	(3)	(77)
As at 31 December 2024	8,884	708	296	9,888

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

30 OTHER LIABILITIES *(Continued)*

(2) Movements in the provision for outstanding litigations

	As at 1 January 2025	Accrued/ (reversed) during the period	Settled during the period	As at 30 June 2025
Provision for outstanding litigations	407	(96)	(10)	301

	As at 1 January 2024	Accrued/ (reversed) during the year	Settled during the year	As at 31 December 2024
Provision for outstanding litigations	503	(95)	(1)	407

31 SHARE CAPITAL AND CAPITAL SURPLUS

	Number of shares (in millions)	Ordinary shares of RMB1 each	Capital surplus
As at 1 January 2025	74,263	74,263	111,420
As at 30 June 2025	88,364	88,364	217,261

	Number of shares (in millions)	Ordinary shares of RMB1 each	Capital surplus
As at 1 January 2024	74,263	74,263	111,428
As at 31 December 2024	74,263	74,263	111,420

As at 30 June 2025, the number of A shares of the Group was 53,352 million (as at 31 December 2024: 39,251 million). As at 30 June 2025 and 31 December 2024, the number of H shares of the Group was 35,012 million, all with par value of RMB1 per share.

As at 30 June 2025 and 31 December 2024, the Group's capital surplus is listed as follows:

	As at 1 January 2025	Additions	Reductions	As at 30 June 2025
Share premium	110,762	105,839	–	216,601
Other capital reserve	658	2	–	660
Total	111,420	105,841	–	217,261

	As at 1 January 2024	Additions	Reductions	As at 31 December 2024
Share premium	110,770	–	(8)	110,762
Other capital reserve	658	–	–	658
Total	111,428	–	(8)	111,420

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

31 SHARE CAPITAL AND CAPITAL SURPLUS *(Continued)*

Having been approved on the 22th Meeting of the 10th Session of the Board of Directors of the Bank, 2025 Second Extraordinary General Meeting, 2025 First A Shareholders Class Meeting and 2025 First H Shareholders Class Meeting of the Bank, and obtained Jin Fu [2025] No. 272, <Approval on the Plan of Bank of Communications Co., Ltd to Issue A-shares to Specific Targets and Change Equity> from the NFRA, Zheng Jian Xu Ke [2025] No. 1081, <Approval on Bank of Communications Co., Ltd on Issuance of A Shares to Specific Targets> from the China Securities Regulatory Commission, the Bank has made issuance of A shares to specific targets in June 2025.

On 13 June 2025, the Bank issued 14,101 million A shares with nominal value of RMB1 per share at issuing price of RMB8.51 per share. The net proceed from the fund-raising was RMB119,940 million, net with issuance costs of which RMB14,101 million was recorded in “Share Capital” and RMB105,839 million was recorded in “Capital Surplus”. KPMG Huazhen LLP had verified the aforementioned capital injection and issued the capital verification report (KPMG Huazhen Yan Zi No.2500411).

32 OTHER EQUITY INSTRUMENTS**(1) Preference shares****(a) Preference shares outstanding at the end of the period**

	Issue date	Accounting classification	Original dividend rate %	Issue price	Amount in shares	In original currency (in millions)	In RMB (in millions)	Maturity	Conversion condition	Conversion
Domestic preference shares										
Preference shares in RMB	2 September 2016	Equity	4.07	RMB 100/share	450,000,000	45,000	45,000	No maturity date	Mandatory	No conversion during the period
Less: Issuance fees							(48)			
Carrying amount							44,952			

(b) Movements of preference shares issued

	As at 1 January 2025	Additions	Decreases	As at 30 June 2025
Domestic preferences shares				
Amount (shares)	450,000,000	–	–	450,000,000
In RMB (millions)	44,952	–	–	44,952

(c) Main clauses*Domestic preference shares**(i) Dividend*

The domestic preference shares will accrue dividends on their issue price at the relevant dividend rate below:

- From and including the issue date to but excluding the first reset date, at the rate of 3.90% per annum; and
- The dividend rate will be re-priced every five years thereafter with reference to the arithmetic average value (rounding off to 0.01%) of five-year Chinese treasury bonds yield at the date which is 20 transaction days before the reset date (excluding the date) plus a fixed premium of 1.37%. As authorised by the shareholders’ annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on domestic preference shares.

With effect from 7 September 2021, the Bank has adjusted the dividend rate for the second dividend rate adjustment period to 4.07%.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

32 OTHER EQUITY INSTRUMENTS *(Continued)***(1) Preference shares** *(Continued)***(c) Main clauses** *(Continued)**Domestic preference shares (Continued)**(i) Dividend (Continued)*

The dividend for domestic preference shares is non-cumulative. Where the Bank determines to cancel the dividend for domestic preference shares in whole or in part, the omitted dividend will not be carried forward and claimed in the future period. After receiving dividends at the agreed dividend rate, domestic preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders. Domestic preference shares issued by the Bank have the same dividend distribution order as the offshore preference shares.

(ii) Conditions to distribution of dividends

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Domestic preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends.

Subject to a resolution to be passed at a shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) any preference share dividend. The Bank shall not distribute any dividends to its ordinary shareholders before it declares such dividends to preference shareholders for the relevant periods.

(iii) Mandatory conversion trigger events

Upon occurrence of the triggering events as stipulated by the offering documents and subject to regulatory approval, domestic preference shares shall be mandatorily converted into ordinary A Shares of the Bank, partially or entirely. The initial mandatory conversion price is RMB6.25 per share. To balance the interest between preference shareholders and ordinary shareholders, the mandatory conversion price of the preference shares will be cumulatively adjusted in sequence where certain events occur including issuances of bonus shares, capitalisation of reserves, new issuances of ordinary shares at a price lower than the market price (excluding equity increased due to exercise of convertible financing instruments that can be converted into ordinary shares) and rights issues, subject to terms and formulas provided for in the offering documents. Appropriation of dividends to ordinary shareholders is not trigger event for price adjustment.

(iv) Order of distribution and liquidation method

On winding-up of the Bank, distribution to domestic preference shareholders is made after all debts of the Bank (including subordinated debts) and obligations that are issued or guaranteed by the Bank and specifically stated to be distributed prior to the domestic preference shares; all domestic preference shareholders are ranked at the same in the distribution sequence without priority among them and have the same repayment sequence rights as holders of obligations with equivalent rights. In addition, distribution is made to domestic preference shareholders prior to ordinary shareholders.

On winding-up of the Bank, any remaining assets of the Bank shall, after the distributions in accordance with the terms and conditions of the domestic preference shares have been made, be applied to the claims of the domestic preference shareholders equally in all respects with the claims of holders of any parity obligations (which term, for the avoidance of doubt, includes the domestic preference shares and any other preference shares of the Bank issued from time to time to investors outside the PRC) and in priority to the claims of the holders of ordinary shares.

The distribution amount obtained by the domestic preference shareholders shall be the total par value of the issued and outstanding preference shares plus dividends declared but not paid in the current period; if the distribution amount is insufficient, domestic and offshore preference shareholders will share the distribution amount on a proportional basis.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

32 OTHER EQUITY INSTRUMENTS *(Continued)***(1) Preference shares** *(Continued)***(c) Main clauses** *(Continued)**Domestic preference shares (Continued)***(v) Redemption**

The domestic preference shares are perpetual and have no maturity date. The Bank may, subject to obtaining the regulatory approval and in compliance with the redemption preconditions, redeem all or some of the domestic preference shares on 7 September 2021 and on any preference share dividend payment date thereafter. The redemption period ends at the date when shares are fully converted or redeemed.

(2) Perpetual bonds**(a) Perpetual bonds outstanding at the end of the period**

	Issue date	Accounting classification	Original interest rate %	Issue price	Amount in shares	In original currency (in millions)	In RMB (in millions)	Maturity
20 BoComm perpetual bonds (c)(i)	23 September 2020	Equity	4.59	RMB100/bond	300,000,000	30,000	30,000	No fixed maturity date
21 BoComm perpetual bonds (c) (i)	8 June 2021	Equity	4.06	RMB100/bond	415,000,000	41,500	41,500	No fixed maturity date
24 BoComm perpetual bonds 01BC (c)(i)	26 Aug 2024	Equity	2.30	RMB100/bond	400,000,000	40,000	40,000	No fixed maturity date
Perpetual bonds in USD (c)(ii)	11 November 2020	Equity	3.80	Not less than USD200,000/bond	Not applicable	2,800	18,366	No fixed maturity date
Total							129,866	
Less: Issuance fees							(22)	
Carrying amount							129,844	

(b) Movements of perpetual bonds issued

	As at 1 January 2025		Movements		As at 30 June 2025	
	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)
20 BoComm perpetual bonds (c)(i)	300,000,000	30,000	–	–	300,000,000	30,000
21 BoComm perpetual bonds (c)(i)	415,000,000	41,500	–	–	415,000,000	41,500
24 BoComm perpetual bonds 01BC (c)(i)	400,000,000	40,000	–	–	400,000,000	40,000
Perpetual bonds in USD (c)(ii)	Not applicable	18,366	–	–	Not applicable	18,366
Total		129,866		–		129,866

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

32 OTHER EQUITY INSTRUMENTS *(Continued)***(2) Perpetual bonds** *(Continued)***(c) Main clauses**

- (i) With the approvals by relevant regulatory authorities, the Bank issued RMB30 billion undated capital bonds in China's National Inter-Bank Bond Market on 23 September 2020, and the raising fund was received on 25 September 2020. The denomination of the Bonds is RMB100 each and coupon rate of 4.59%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

With the approvals by relevant regulatory authorities, the Bank issued RMB41.5 billion undated capital bonds in China's National Inter-Bank Bond Market on 8 June 2021, and the raising fund was received on 10 June 2021. The denomination of the Bonds is RMB100 each and coupon rate of 4.06%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

With the approvals by relevant regulatory authorities, the Bank issued RMB40 billion undated capital bonds in China's National Inter-Bank Bond Market on 26 August 2024, and the raising fund was received on 28 August 2024. The denomination of the Bonds is RMB100 each and coupon rate of 2.30%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the regulatory, the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-1 capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write-down/write-off in whole or in part, without the need for the consent of the holders of the bonds, the principal amount of the bonds.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Investors have no right to redeem their subscription from the Bank. The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the additional tier-1 capital of the Bank.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

32 OTHER EQUITY INSTRUMENTS *(Continued)***(2) Perpetual bonds** *(Continued)***(c) Main clauses** *(Continued)*

- (ii) With the approvals by relevant regulatory authorities, the Bank issued USD2.8 billion undated capital bonds in the offshore market on 11 November 2020, and the raising fund was received on 18 November 2020. The specified denomination of the bonds is not less than USD200,000, the exceeding part need to be integral multiple of USD1000 and issued at 100% of the specified denomination. The coupon rate of the bonds is 3.80%. The bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the regulatory, the bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, subject to obtaining the regulatory approval, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-1 capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write-down/write-off in whole or in part, without the need for the consent of the holders of the bonds.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Investors have no right to redeem their subscription from the Bank. The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the additional tier-1 capital of the Bank.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

32 OTHER EQUITY INSTRUMENTS *(Continued)*

(3) Interests attributable to holders of other equity instruments

	As at 30 June 2025	As at 31 December 2024
Total equity attributable to equity holders of the parent company	1,293,989	1,144,306
– Equity attributable to ordinary shareholders of the parent company	1,119,193	969,510
– Equity attributable to preference shareholders of the parent company	44,952	44,952
– Equity attributable to perpetual bond holders of the parent company	129,844	129,844
Total equity attributable to non-controlling interests	10,781	11,291
– Equity attributable to ordinary shares of non-controlling interests	8,081	7,706
– Equity attributable to other equity instruments of non-controlling interests (Note 35)	2,700	3,585

Dividends paid to preference shareholders and interest paid to perpetual bond holders for the six months ended 30 June 2025 are disclosed in Note 34.

33 OTHER RESERVES AND RETAINED EARNINGS

Pursuant to the relevant PRC regulations, the appropriation of profits to the statutory general reserve, the discretionary reserve and the distribution of dividends in each year are based on the recommendations of the directors and are subject to the resolutions to be passed at the General Meeting of Shareholders.

Pursuant to relevant PRC regulations, the Bank appropriated 10% of its net profit for the year under CAS to the statutory surplus reserve until the reserve balance reaches 50% of the Bank's registered capital. The statutory surplus reserve can be used to compensate losses or to increase share capital upon approval. The Bank's subsidiaries, if required by local regulation requirements, also need to make such reserve.

	As at 1 January 2025	Appropriate	Decrease	As at 30 June 2025
Statutory reserve	106,014	8,009	–	114,023
Discretionary reserve	140,545	–	–	140,545
Total	246,559	8,009	–	254,568

Pursuant to relevant PRC banking regulations, since 1 July 2012, the Bank made statutory general reserve from net profit through profit appropriation according to Administrative Measures for the Provisioning of Financial Enterprises (Cai Jin [2012] No. 20). The proportion is determined based on several factors including the Bank's overall exposure to risk, normally no lower than 1.5% of the ending balance of risk assets. The statutory general reserve is an integral part of shareholders' equity but not subject to dividend distribution. The Bank's subsidiaries and overseas branches, if required by local regulation requirements, also need to make such general reserve.

	As at 1 January 2025	Appropriate	Decrease	As at 30 June 2025
Statutory general reserve	173,176	14,017	–	187,193

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

33 OTHER RESERVES AND RETAINED EARNINGS *(Continued)***Retained earnings**

The movements of retained earnings are set out below:

As at 1 January 2025	348,265
Profit for the period attributable to shareholders of the parent company	46,016
Appropriation to statutory reserve	(8,009)
Appropriation to discretionary reserve	–
Appropriation to statutory general reserve	(14,017)
Dividends payable to ordinary shareholders	(14,630)
Dividends payable to preference shareholders	–
Interest to perpetual bond holders	(1,685)
Others	28
As at 30 June 2025	355,968
As at 1 January 2024	326,744
Profit for the period attributable to shareholders of the parent company	93,586
Appropriation to statutory reserve	(8,787)
Appropriation to discretionary reserve	(162)
Appropriation to statutory general reserve	(14,123)
Dividends payable to ordinary shareholders	(41,365)
Dividends payable to preference shareholders	(1,832)
Interest to perpetual bond holders	(5,632)
Others	(164)
As at 31 December 2024	348,265

(1) Distributable profits

The Bank's distributable profit is based on its retained profits as determined under PRC and IFRS Accounting Standards, whichever is lower. The amount that the Group's subsidiaries can legally distribute is determined by referring to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRS Accounting Standards.

34 DIVIDENDS

	Six months ended 30 June	
	2025	2024
Dividends to ordinary shareholders of the Bank	14,630	27,849
Dividends to preference shareholders of the Bank	–	1,832
Interest to perpetual bond holders of the Bank	1,685	1,685

Under PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

- (1) Making up cumulative losses from prior years, if any;
- (2) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank as determined under the relevant PRC accounting standards;
- (3) Allocations to statutory general reserve;
- (4) Allocations to the discretionary reserve upon approval by the Annual General Meeting of Shareholders. These funds form part of the shareholders' equity. The cash dividends are recognised in the consolidated statement of financial position upon approval by the shareholders at Annual General Meeting.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

34 DIVIDENDS *(Continued)*

Pursuant to the approval by the First Extraordinary General Meeting of Shareholders on 8 April 2025, the Bank appropriated a cash dividend of RMB0.197 (before tax) for each ordinary share, with total amount of RMB14,630 million, calculated based on 74,263 million shares outstanding as at 31 December 2024, will be distributed to ordinary shareholders.

The Bank distributed the interest on the 2021 undated capital bonds amounting to RMB1,685 million on 10 June 2025.

35 NON-CONTROLLING INTERESTS

Non-controlling interests of the Group include equity attributable to non-controlling interests of ordinary shares and equity attributable to non-controlling interests of other equity instruments. As at 30 June 2025, equity attributable to other equity instruments holders was RMB2,700 million. Other equity instruments were perpetual capital bonds issued by BOCOM MSIG Life Insurance Company Limited on 21 February 2025.

Issue Date	21 February 2025
Face Value	RMB2,700 million
Distribution Rate	2.20%
Frequency of distribution payments	Annually

When, after exercising the right of redemption, the issuer's comprehensive solvency adequacy ratio is not less than 100%, and upon filing with the PBOC and the NFRA, the issuer shall have the right to redeem all or part of the Bonds at par value on each interest payment date (including the interest payment date of the 5th year after the issuance date) starting from the 5th year after the issuance date. Therefore, the Group recognised the bonds as equity instruments.

36 CONTINGENCIES**Legal proceedings**

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. Management of the Group believes, based on legal advice, the final result of these lawsuits will not have a material impact on the financial position or operations of the Group. Provision for litigation losses as advised by in-house or external legal professionals is disclosed in Note 30. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the period/year are summarised as follows:

	As at 30 June 2025	As at 31 December 2024
Outstanding litigations	1,083	1,187
Provision for outstanding litigation (Note 30)	301	407

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

36 CONTINGENCIES *(Continued)*

Future receivables from operating leases

The Group acts as lessor in operating leases principally through aircrafts, vessels and equipments leasing undertaken by its subsidiaries. The future minimum lease receivables on certain aircraft, vessel and equipments under irrevocable operating leases are as follows:

	As at 30 June 2025	As at 31 December 2024
Within 1 year	22,932	21,803
After 1 year and within 2 years	21,599	20,779
After 2 years and within 3 years	19,569	19,095
After 3 years and within 4 years	18,146	17,005
After 4 years and within 5 years	16,009	15,642
After 5 years	67,762	60,418
Total	166,017	154,742

37 COMMITMENTS

Credit related commitments and financial guarantees

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes provisions for any probable losses accordingly.

The contractual amounts of loan commitments and credit card overdraft commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

The following tables provide the contractual amounts of the Group's credit related commitments and financial guarantees which the Group has committed to its customers:

	As at 30 June 2025	As at 31 December 2024
Loan commitments		
– Under 1 year	5,813	7,491
– 1 year and above	111,591	106,714
Credit card commitments	927,958	923,923
Acceptance bills	594,803	576,578
Letters of guarantee		
– Financing guarantee	11,493	11,096
– Non-financing Guarantee	500,889	479,414
Letters of credit commitments		
– Sight letter of credit	28,297	37,335
– Usance letter of credit	212,779	229,078
Total	2,393,623	2,371,629

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

37 COMMITMENTS *(Continued)*

Capital expenditure commitments

	As at 30 June 2025	As at 31 December 2024
Contracted but not provided for	55,355	76,109

Commitments on security underwriting and bond acceptance

The Group is entrusted by the Ministry of Finance ('MOF') to underwrite certain treasury bonds. The investors of these treasury bonds have a right to redeem the bonds at any time prior to maturity and the Group is committed to honor such redemption requests. The redemption price is calculated as the nominal value of the bond plus payable interest in accordance with the terms of the related early redemption arrangement.

As at 30 June 2025, the nominal value of treasury bonds the Group had the obligation to buy back amounted to RMB61,854 million (As at 31 December 2024: RMB56,437 million). Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

As at 30 June 2025, the Group had no announced but unfulfilled irrevocable commitment on security underwriting (As at 31 December 2024: Nil).

38 COLLATERALS

(1) Assets pledged

The Group uses part of its assets as collaterals for interbank repurchase arrangements and other liabilities-related business. The carrying amount of these collaterals are listed below:

	As at 30 June 2025	As at 31 December 2024
Investment securities	925,591	824,601
Bills	40,852	17,307
Total	966,443	841,908

Financial assets sold under repurchase agreements included certain transactions under which the title of the pledged securities has been transferred to counterparties. These transactions have been disclosed in Note 43 transfers of financial assets.

In addition, part of due from and placements with banks and other financial institutions and loans and advances to customers pledged as collateral for borrowing from central banks or placements from banks by the Group as at 30 June 2025 amounted to RMB41,617 million in total (31 December 2024: RMB35,915 million).

(2) Collateral accepted

The Group received debt securities and bills as collateral in connection with the securities lending transactions and the purchase of assets under resale agreements. The Group did not hold any collateral that can be resold or re-pledged on balance sheet date when non-defaulting.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

39 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2025		
	Before tax amount	Tax effect	Net of tax amount
Other comprehensive income			
Changes in fair value of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	1,007	(426)	581
<i>Amount reclassified to profit or loss</i>	(1,756)	439	(1,317)
Expected credit losses of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	866	(245)	621
<i>Amount reclassified to profit or loss</i>	-	-	-
Effective portion of gains or losses on hedging instruments in cash flow hedges			
<i>Amount recognised in equity</i>	(1,558)	475	(1,083)
<i>Amount reclassified to profit or loss</i>	1,700	(425)	1,275
Translation difference on foreign operations	(97)	-	(97)
Changes in fair value of equity instruments designated at FVOCI	1,532	(352)	1,180
Changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL	331	-	331
Actuarial revaluation on pension benefits	(5)	-	(5)
Others	(2,021)	716	(1,305)
Other comprehensive income for the period	(1)	182	181

	Six months ended 30 June 2024		
	Before tax amount	Tax effect	Net of tax amount
Other comprehensive income			
Changes in fair value of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	11,247	(2,686)	8,561
<i>Amount reclassified to profit or loss</i>	(1,068)	267	(801)
Expected credit losses of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	(235)	(19)	(254)
<i>Amount reclassified to profit or loss</i>	-	-	-
Effective portion of gains or losses on hedging instruments in cash flow hedges			
<i>Amount recognised in equity</i>	489	(150)	339
<i>Amount reclassified to profit or loss</i>	(41)	10	(31)
Translation difference on foreign operations	(34)	-	(34)
Changes in fair value of equity instruments designated at FVOCI	1,653	(402)	1,251
Changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL	(219)	-	(219)
Others	(4,270)	1,076	(3,194)
Other comprehensive income for the period	7,522	(1,904)	5,618

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

40 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of the balance of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than or equal to 90 days from date of purchase and used for the purpose of meeting short-term cash commitments:

	As at 30 June 2025	As at 30 June 2024
Cash and balances with central banks	127,218	70,944
Due from and placements with banks and other financial institutions	87,014	74,840
Total	214,232	145,784

41 CONSOLIDATED STRUCTURED ENTITIES

Structured entities consolidated by the Group include certain trust investment plans, funds, and securitisation products issued, managed and invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

42 UNCONSOLIDATED STRUCTURED ENTITIES

The Group has been involved in other structured entities through acting as sponsors of structured entities or investments in structured entities that provide specialised investment opportunities to investors. These structured entities generally finance the purchase of assets by issuing units of the products. The Group does not control these structured entities and therefore, these structured entities are not consolidated.

As at 30 June 2025, those unconsolidated structured entities set up and sponsored by the Group consist primarily of wealth management products, funds, trusts, asset management products and securitisation products. The Group earns commission income by providing management services to the investors of these structured entities. For the six months ended 30 June 2025, the Group's commission income from providing services to the structured entities managed by the Group was RMB4,121 million (For the six months ended 30 June 2024: RMB4,121 million).

As at 30 June 2025, the balance of the wealth management products set up and sponsored by the Group amounted to RMB1,731,949 million (As at 31 December 2024: RMB1,662,496 million), the balance of funds issued by the Group amounted to RMB510,547 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB591,022 million (As at 31 December 2024: the balance of funds issued by the Group amounted to RMB551,299 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB614,451 million).

For the six months ended 30 June 2025, no interest income from placements and repurchase transactions with those unconsolidated wealth management products (For the six months ended 30 June 2024: Nil).

The Group is also involved in certain structured entities sponsored by the Group or third parties through direct investments. These investments are recognised as financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, and financial investments at amortised cost.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

42 UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

As at 30 June 2025 and 31 December 2024, the carrying amount of interests in unconsolidated structured entities held by the Group through investment was set out as follows:

As at 30 June 2025

	Carrying amount			Maximum exposure to loss	Type of income
	Financial investments at FVTPL	Financial investments at amortised cost	Financial investments at FVOCI		
Funds	191,912	–	334	192,246	Net gains arising from trading activities
Trusts and asset management products	12,489	18,702	1,809	33,000	Interest income, net gains arising from trading activities
Securitisation products	306	183	963	1,452	Interest income, net gains arising from trading activities
Total	204,707	18,885	3,106	226,698	

As at 31 December 2024

	Carrying amount			Maximum exposure to loss	Type of income
	Financial investments at FVTPL	Financial investments at amortised cost	Financial investments at FVOCI		
Funds	200,384	–	336	200,720	Net gains arising from trading activities
Trusts and asset management products	13,664	21,954	–	35,618	Net interest income, net gains arising from trading activities
Securitisation products	210	154	–	364	Net interest income, net gains arising from trading activities
Total	214,258	22,108	336	236,702	

43 TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions by which it transfers recognised financial assets to third parties or structured entities. In some cases, these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the transferred assets do not qualify for derecognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

(1) Financial assets sold under repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities, which the Group does not have the ability to use during the term of the arrangements, are not derecognised from the financial statements but regarded as “collateral” for the secured lending. In addition, the Group recognises a financial liability for cash received.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

43 TRANSFERS OF FINANCIAL ASSETS *(Continued)***(1) Financial assets sold under repurchase agreements** *(Continued)*

As at 30 June 2025 and 31 December 2024, the Group entered into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as “financial assets sold under repurchase agreements” (Note 25).

The following table provides a summary of carrying amounts related to the transferred financial assets that are not derecognised and the associated liabilities:

	Collaterals		Associated liabilities	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
Investment securities	180,843	246,798	142,940	225,906

(2) Securities lending transactions

Under securities lending agreements, the counterparties are allowed to sell or repledge those securities lent under agreements to repurchase in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. As at 30 June 2025, the face value of debt securities lent to counterparties was RMB14,590 million (31 December 2024: RMB11,700 million).

(3) Asset securitization

In the course of asset securitisation activities, the Group securitises financial assets, generally through the sale of these assets to structured entities which then issue securities to investors. The Group may hold subordinated tranches of credit asset-backed securities in these transactions, thereby potentially retaining a portion of the risks and rewards associated with those financial assets. The Group will analyze and determine whether to derecognize the relevant credit assets based on the extent to which risks and rewards are retained.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, but retains control of those financial assets, the Group continues to recognise them on the consolidated statement of financial position to the extent of the Group’s continuing involvement, while the rest are derecognised. The extent of the Group’s continuing involvement is the extent of risk the Group faces due to changes in the value of the transferred assets. As at 30 June 2025, loans with an original value of RMB42,820 million (31 December 2024: RMB42,820 million) have been securitised by the Group, the carrying amount of assets that the Group continues to recognize on the consolidated statement of financial position was RMB4,605 million as at 30 June 2025 (31 December 2024: RMB4,605 million).

For the six months ended 30 June 2025, loans with an original value of RMB4,292 million (For the six months ended 30 June 2024: RMB4,003 million) have been derecognized by the Group through asset securitization. As at 30 June 2025, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB425 million (31 December 2024: RMB376 million), and its maximum exposure approximated to the carrying amount.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

43 TRANSFERS OF FINANCIAL ASSETS *(Continued)*

(4) Disposal of non-performing loans and advances to customers

For the six months ended 30 June 2025, the Group had transferred non-performing loans and advances to customers with a gross carrying amount of RMB718 million (For the six months ended 30 June 2024: RMB898 million) and collected cash totalling RMB420 million (For the six months ended 30 June 2024: RMB480 million) through transferring to third parties. The difference between the gross carrying amount and the cash collected had been written off. The Group derecognised the non-performing loans and advances to customers from the Group's financial statements at the time of disposal.

44 RELATED PARTY TRANSACTIONS

(1) Transactions with the MOF

As at 30 June 2025, the MOF held 30,943 million (As at 31 December 2024: 17,732 million) ordinary shares of Bank of Communications Co., Ltd. which represented 35.02% (31 December 2024: 23.88%) of the total share capital.

The MOF is a Chinese government ministry, primarily responsible for managing state fiscal revenue and expenditures, and establishing and enforcing taxation policies. The Group enters into banking transactions with the MOF under normal commercial terms and at market rates. These transactions mainly include the purchase and redemption of financial investments issued by the MOF.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2025	As at 31 December 2024
Bonds issued by the MOF investment		
Financial investments at FVTPL	60,602	80,493
Financial investments at amortised cost	1,041,331	1,059,020
Financial investments at FVOCI	175,127	121,031
	Six months ended 30 June 2025	2024
Interest income on the government bonds	17,280	17,828

(2) Transactions with the National Council for Social Security Fund

As at 30 June 2025, the National Council for Social Security Fund held 12,164 million (As at 31 December 2024: 12,171 million) ordinary shares of Bank of Communications Co., Ltd. which represented 13.77% (As at 31 December 2024: 16.39%) of the total share capital.

The Group enters into transactions with the National Council for Social Security Fund in the normal course of business and they mainly include deposits. The transactions are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2025	As at 31 December 2024
Deposits from customers	(83,449)	(91,582)
	Six months ended 30 June 2025	2024
Interest expenses	(1,160)	(1,891)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

44 RELATED PARTY TRANSACTIONS *(Continued)*

(3) Transactions with the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) Group and its joint ventures

As at 30 June 2025, HSBC held 14,136 million (As at 31 December 2024: 14,136 million) ordinary shares of the Bank of Communications Co., Ltd. which represented 16.00% (As at 31 December 2024: 19.03%) of the total share capital.

HSBC was incorporated in 1866, primarily providing local and international banking services, and related financial services in the Asia-Pacific region. Its registration is Hong Kong. Transactions between the Group and HSBC are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2025	As at 31 December 2024
On-balance sheet items		
Due from and placements with banks and other financial institutions	4,010	6,677
Derivative financial assets	2,489	4,249
Loans and advances to customers	431	427
Financial investments at FVTPL	1,505	1,497
Financial investments at amortised cost	1,252	1,694
Financial investments at FVOCI	7,098	7,730
Due to and placements from banks and other financial institutions	(34,402)	(22,539)
Derivative financial liabilities	(1,374)	(2,501)
Certificates of deposits issued	(28,297)	(32,835)
Off-balance sheet items		
Notional principal of derivative financial instruments	242,318	281,199
Credit related commitments and financial guarantees	339	344
	Six months ended 30 June	
	2025	2024
Interest income	287	313
Interest expense	(881)	(902)
Fee and commission income	46	33
Fee and commission expense	(19)	(13)

(4) Transactions with state-owned entities in PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the government through its authorities, affiliates or other organisations (collectively the “state-owned entities”). During the period, the Group entered into extensive banking transactions with these state-owned entities including, but not limited to, the provision of credit and guarantees, deposits, foreign exchange, derivatives transactions, agency business, underwriting and distribution of bonds issued by the government as well as trading and redemption of securities issued by the government.

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these state – owned entities are ultimately controlled or owned by the government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

44 RELATED PARTY TRANSACTIONS *(Continued)*

(5) Transactions with subsidiaries

Transactions between the Bank and its subsidiaries are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. These transactions are eliminated on consolidation. Basic information and relevant details of subsidiaries are set out in Note 20.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2025	As at 31 December 2024
The Bank		
Due from and placements with banks and other financial institutions	134,333	136,007
Derivative financial assets	107	143
Loans and advances to customers	1,175	1,210
Financial investments at FVTPL	73	178
Financial investments at amortised cost	856	1,023
Financial investments at FVOCI	7,066	6,909
Other assets	507	218
Due to and placements from banks and other financial institutions	(17,527)	(14,325)
Derivative financial liabilities	(3,964)	(6,028)
Deposits from customers	(4,634)	(7,037)
Other liabilities	(276)	(303)

	Six months ended 30 June	
	2025	2024
The Bank		
Interest income	2,814	3,147
Interest expense	(211)	(265)
Fee and commission income	478	724
Fee and commission expense	(18)	(17)
Other operating income	309	307
Other operating expense	(60)	(65)

(6) Transactions with key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group, directly or indirectly, including members of the board of directors and the board of supervisors, and executive officers.

Transactions key management personnel, their close relatives and entities that are controlled, jointly controlled or significantly influenced by either such key management personnel or their close relatives and are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

As at 30 June 2025, the balance of Deposits from customers to the above related parties is RMB9 million (31 December 2024: RMB9 million). As at 30 June 2025, the balance of loans and advances to the above related parties is not material (31 December 2024: not material).

Compensations of directors and senior management are summarised below:

	Six months ended 30 June	
	2025	2024
Remuneration	7	8
Other benefits	2	2

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

44 RELATED PARTY TRANSACTIONS *(Continued)*

(7) Transactions with associates and joint ventures

Transactions between the Group and its associates and joint ventures are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. Basic information and relevant details of associates and joint ventures are set out in Note 21.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2025	As at 31 December 2024
On-balance sheet items		
Due from and placements with banks and other financial institutions	616	1,908
Derivative financial assets	1,696	1,635
Loans and advances to customers	19,071	15,044
Due to and placements from banks and other financial institutions	(740)	(1,020)
Derivative financial liabilities	(5)	(69)
Deposits from customers	(506)	(606)
Off-balance sheet items		
Notional principal of derivative financial instruments	2,692	4,630
Credit related commitments and financial guarantees	31,053	30,792
	Six months ended 30 June	
	2025	2024
Interest income	278	211
Interest expense	(27)	(27)

(8) Transactions with other related parties

Transactions with other related parties are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2025	As at 31 December 2024
On-balance sheet items		
Due from and placements with banks and other financial institutions	300	200
Loans and advances to customers	2,603	2,212
Financial investments at FVTPL	31	–
Financial investments at amortised cost	603	–
Financial investments at FVOCI	579	394
Due to and placements from banks and other financial institutions	(1,168)	(1,520)
Deposits from customers	(118,376)	(92,330)
Off-balance sheet items		
Credit related commitments and financial guarantees	346	184
	Six months ended 30 June	
	2025	2024
Interest income	36	12
Interest expense	(1,508)	(1,619)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

44 RELATED PARTY TRANSACTIONS *(Continued)*

(9) Transactions with Annuity Fund

Apart from the obligations for defined contributions to the Annuity Fund and normal banking transactions, as at 30 June 2025, Annuity Fund held financial instruments issued by the Bank of RMB108 million (31 December 2024: RMB86 million).

(10) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiary are not involved.

	As at 30 June 2025		As at 31 December 2024	
	Balances	%	Balances	%
On-balance sheet items				
Due from and placements with banks and other financial institutions	4,926	0.51	8,785	0.90
Derivative financial assets	4,185	7.23	5,884	5.86
Loans and advances to customers	22,105	0.25	17,683	0.21
Financial investments at FVTPL	62,138	10.32	81,990	12.50
Financial investments at amortised cost	1,043,186	39.11	1,060,714	41.08
Financial investments at FVOCI	182,804	15.87	129,155	11.94
Due to and placements from banks and other financial institutions	(36,310)	1.75	(25,079)	1.16
Derivative financial liabilities	(1,379)	2.75	(2,570)	3.01
Deposits from customers	(202,340)	2.21	(184,527)	2.10
Certificates of deposits issued	(28,297)	1.87	(32,835)	2.37
Off-balance sheet items				
Notional principal of derivative financial instruments	245,010	2.34	285,829	2.63
Credit related commitments and financial guarantees	31,738	1.33	31,320	1.32

	Six months ended 30 June			
	2025		2024	
	Amount	%	Amount	%
Interest income	17,881	8.23	18,364	7.93
Interest expense	(3,576)	2.78	(4,439)	3.09
Fee and commission income	46	0.21	33	0.14
Fee and commission expense	(19)	0.96	(13)	0.67

45 SEGMENTAL ANALYSIS

Operating segments are identified based on the structure of the Group's internal organization and management requirements. Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Funds are ordinarily allocated between segments. Costs of these funds are charged at the Group's cost of capital and disclosed in inter-segment net interest income. Net interest income and expense relating to third parties are disclosed in external net interest income. There are no other material items of income or expenses between the segments.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

45 SEGMENTAL ANALYSIS *(Continued)*

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income tax is managed on a group basis and is not allocated to operating segments.

Geographical operating segment information

The Group's Board of Directors and senior management reviews the Group's operation by the particular economic areas in which the Group's branches and subsidiaries provide products or services. The Group's geographical operating segments are decided based upon location of the assets, as the Group's branches and subsidiaries mainly serve local customers.

The Group's geographical operating segments include provincial and directly managed branches and subsidiaries (if any) in relevant regions, as follows:

- Head Office: Head Office, including the Pacific Credit Card Centre;
- Yangtze River Delta: including Shanghai (excluding Head Office), Jiangsu Province, Zhejiang Province and Anhui Province;
- Central China: including Shanxi Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province, Hainan Province and Guangxi Zhuang Autonomous Region;
- Bohai Rim Economic Zone: including Beijing, Tianjin, Hebei Province and Shandong Province;
- Pearl River Delta: including Fujian Province and Guangdong Province;
- Western China: including Chongqing, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region and Tibet Autonomous Region;
- North Eastern China: including Liaoning Province, Jilin Province and Heilongjiang Province;
- Overseas: including Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, San Francisco, Sydney, Taipei, London, Luxembourg, Brisbane, Paris, Rome, Brazil, Melbourne, Toronto, Prague, Johannesburg and Dubai.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

45 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

	Six months ended 30 June 2025								Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	
External net interest income/(expense)	13,453	6,677	785	9,403	8,965	(365)	7,643	38,686	85,247
Inter-segment net interest income/(expense)	11,919	3,107	11,964	4,664	257	3,153	156	(35,220)	-
Net interest income	25,372	9,784	12,749	14,067	9,222	2,788	7,799	3,466	85,247
Fee and commission income	7,188	2,363	3,152	3,331	1,948	800	1,292	2,355	22,429
Fee and commission expense	(600)	(18)	(37)	(49)	(17)	(8)	(127)	(1,115)	(1,971)
Net fee and commission income	6,588	2,345	3,115	3,282	1,931	792	1,165	1,240	20,458
Net gains/(losses) arising from trading activities	2,406	74	169	318	58	44	1,084	6,516	10,669
Net gains/(losses) arising from financial investments	763	-	6	-	-	8	(181)	1,679	2,275
Net gains/(losses) on investments in associates and joint ventures	(5)	-	-	-	-	-	46	201	242
Other operating income	13,486	196	215	187	265	76	163	19	14,607
Total operating income-net	48,610	12,399	16,254	17,854	11,476	3,708	10,076	13,121	133,498
Credit impairment losses	(3,321)	(12,309)	(2,296)	(4,334)	(1,511)	215	(248)	(9,010)	(32,814)
Other assets impairment losses	(523)	-	(3)	-	(3)	(2)	-	-	(531)
Other operating expense	(19,381)	(3,910)	(4,803)	(5,174)	(3,645)	(1,885)	(2,525)	(11,920)	(53,243)
Profit/(loss) before tax	25,385	(3,820)	9,152	8,346	6,317	2,036	7,303	(7,809)	46,910
Income tax									(455)
Net profit for the period									46,455
Depreciation and amortisation	(811)	(444)	(554)	(589)	(473)	(222)	(312)	(1,461)	(4,866)
Capital expenditure	(18,561)	(29)	(30)	(104)	(289)	(25)	(53)	(183)	(19,274)

	Six months ended 30 June 2024								Total
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	
External net interest income/(expense)	10,223	6,008	434	10,195	9,296	(611)	7,245	41,444	84,234
Inter-segment net interest income/(expense)	14,461	3,378	12,639	4,730	398	3,791	487	(39,884)	-
Net interest income	24,684	9,386	13,073	14,925	9,694	3,180	7,732	1,560	84,234
Fee and commission income	6,802	2,674	3,399	3,763	2,056	848	1,191	2,200	22,933
Fee and commission expense	(605)	(13)	(39)	(40)	(9)	(7)	(88)	(1,132)	(1,933)
Net fee and commission income	6,197	2,661	3,360	3,723	2,047	841	1,103	1,068	21,000
Net gains/(losses) arising from trading activities	3,155	106	216	347	100	18	1,189	6,958	12,089
Net gains/(losses) arising from financial investments	644	-	-	-	-	15	(108)	383	934
Net gains/(losses) on investments in associates and joint ventures	(10)	-	-	-	-	-	56	261	307
Other operating income	12,089	158	353	195	247	76	277	591	13,986
Total operating income-net	46,759	12,311	17,002	19,190	12,088	4,130	10,249	10,821	132,550
Credit impairment losses	(7,805)	(5,304)	(3,284)	(3,248)	(2,074)	(1,075)	(611)	(9,620)	(33,021)
Other assets impairment losses	(440)	-	-	-	-	(25)	(2)	-	(467)
Other operating expense	(17,704)	(3,704)	(4,697)	(4,938)	(3,526)	(1,759)	(2,754)	(12,302)	(51,384)
Profit/(loss) before tax	20,810	3,303	9,021	11,004	6,488	1,271	6,882	(11,101)	47,678
Income tax									(1,853)
Net profit for the period									45,825
Depreciation and amortisation	(835)	(475)	(574)	(590)	(470)	(243)	(295)	(1,409)	(4,891)
Capital expenditure	(18,674)	(31)	(56)	(146)	(106)	(50)	(60)	(48)	(19,171)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

45 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

As at 30 June 2025										
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	3,860,063	1,282,881	2,151,650	1,659,530	1,124,436	504,185	1,227,082	5,670,424	(2,089,008)	15,391,243
Including:										
<i>Investments in associates and joint ventures</i>	<i>1,526</i>	<i>-</i>	<i>-</i>	<i>25</i>	<i>-</i>	<i>-</i>	<i>1,327</i>	<i>10,910</i>	<i>-</i>	<i>13,788</i>
Unallocated assets										44,162
Total assets										15,435,405
Segment liabilities	(3,730,198)	(1,288,129)	(2,138,477)	(1,632,164)	(1,117,906)	(505,451)	(1,108,021)	(4,696,147)	2,089,008	(14,127,485)
Unallocated liabilities										(3,150)
Total liabilities										(14,130,635)

As at 31 December 2024										
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	3,701,661	1,271,976	2,151,326	1,587,010	1,073,003	505,981	1,221,484	5,623,577	(2,278,053)	14,857,965
Including:										
<i>Investments in associates and joint ventures</i>	<i>1,422</i>	<i>-</i>	<i>-</i>	<i>26</i>	<i>-</i>	<i>-</i>	<i>1,268</i>	<i>8,885</i>	<i>-</i>	<i>11,601</i>
Unallocated assets										42,752
Total assets										14,900,717
Segment liabilities	(3,572,662)	(1,260,946)	(2,129,956)	(1,547,333)	(1,058,171)	(502,689)	(1,106,130)	(4,840,962)	2,278,053	(13,740,796)
Unallocated liabilities										(4,324)
Total liabilities										(13,745,120)

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various segments have been adjusted.

Business information

The Group is engaged predominantly in banking and related financial activities. It comprises corporate banking, personal banking, treasury and other business. Corporate banking mainly comprises corporate loans, bills, trade financing, corporate deposits and remittance. Personal banking mainly comprises personal loans, personal deposits, credit cards and remittance. Treasury mainly comprises money market placements and takings, financial investment, and securities sold under repurchase agreements. Others Business segment mainly comprises items which cannot be categorised in the above business segments.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

The business information of the Group is summarised as follows:

	Six months ended 30 June 2025				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
External net interest income/(expense)	44,651	9,576	31,033	(13)	85,247
Inter-segment net interest income/(expense)	270	24,057	(24,327)	–	–
Net interest income/(expense)	44,921	33,633	6,706	(13)	85,247
Net fee and commission income	5,579	12,497	2,330	52	20,458
Net gains/(losses) arising from trading activities	1,760	927	7,873	109	10,669
Net gains/(losses) arising from financial investments	127	622	1,451	75	2,275
Net gains/(losses) on investments in associates and joint ventures	38	(5)	–	209	242
Other operating income	12,237	1,910	272	188	14,607
Total operating income-net	64,662	49,584	18,632	620	133,498
Credit impairment losses	(14,217)	(17,334)	(1,263)	–	(32,814)
Other assets impairment losses	(531)	–	–	–	(531)
Other operating expense					
– Depreciation and amortisation	(1,845)	(2,593)	(361)	(67)	(4,866)
– Others	(22,968)	(22,196)	(2,735)	(478)	(48,377)
Profit/(loss) before tax	25,101	7,461	14,273	75	46,910
Income tax					(455)
Net profit for the period					46,455
Depreciation and amortisation	(1,845)	(2,593)	(361)	(67)	(4,866)
Capital expenditure	(18,775)	(415)	(70)	(14)	(19,274)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

	Six months ended 30 June 2024				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
External net interest income/(expense)	42,434	13,152	28,669	(21)	84,234
Inter-segment net interest income/(expense)	1,495	23,274	(24,769)	–	–
Net interest income/(expense)	43,929	36,426	3,900	(21)	84,234
Net fee and commission income	6,160	12,531	2,215	94	21,000
Net gains/(losses) arising from trading activities	2,475	203	9,292	119	12,089
Net gains/(losses) arising from financial investments	79	545	308	2	934
Net gains/(losses) on investments in associates and joint ventures	95	(10)	–	222	307
Other operating income	11,031	2,487	320	148	13,986
Total operating income-net	63,769	52,182	16,035	564	132,550
Credit impairment losses	(19,091)	(13,745)	(184)	(1)	(33,021)
Other assets impairment losses	(467)	–	–	–	(467)
Other operating expense					
– Depreciation and amortisation	(1,832)	(2,683)	(311)	(65)	(4,891)
– Others	(22,136)	(21,454)	(2,349)	(554)	(46,493)
Profit/(loss) before tax	20,243	14,300	13,191	(56)	47,678
Income tax					(1,853)
Net profit for the period					45,825
Depreciation and amortisation	(1,832)	(2,683)	(311)	(65)	(4,891)
Capital expenditure	(18,780)	(335)	(36)	(20)	(19,171)

	As at 30 June 2025				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	6,584,911	3,073,712	5,678,513	54,107	15,391,243
Including:					
<i>Investments in associates and joint ventures</i>	<i>6,603</i>	<i>1,526</i>	<i>–</i>	<i>5,659</i>	<i>13,788</i>
Unallocated assets					44,162
Total assets					15,435,405
Segment liabilities	(5,575,656)	(4,271,435)	(4,232,999)	(42,416)	(14,122,506)
Unallocated liabilities					(8,129)
Total liabilities					(14,130,635)

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2025

(All amounts presented in millions of RMB except when otherwise indicated)

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

	As at 31 December 2024				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	6,182,816	2,989,589	5,629,611	55,949	14,857,965
Including:					
<i>Investments in associates and joint ventures</i>	<i>4,679</i>	<i>1,425</i>	<i>–</i>	<i>5,497</i>	<i>11,601</i>
Unallocated assets					42,752
Total assets					14,900,717
Segment liabilities	(5,376,108)	(4,046,983)	(4,259,137)	(50,512)	(13,732,740)
Unallocated liabilities					(12,380)
Total liabilities					(13,745,120)

There were no significant transactions with a single external customer that the Group mainly relied on.

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various segments have been adjusted.

46 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

In July 2025, the Bank issued a RMB30.0 billion 2025 Second Tranche of Total Loss-Absorbing Capacity Non-Capital Bonds (Bond Connect) in China's National Interbank Bond Market which consisted of two types: the first type is 4 years fixed rate bonds with an issuance size of RMB25.0 billion and coupon rate of 1.78%, for which the issuer shall have a conditional redemption right at the end of the third year; the second type is 4 years floating rate bonds with an issuance size of RMB5.0 billion, a coupon rate of 1.82% (for the first period), for which the remaining interest period will be adjusted every 3 months according to the issuance terms.

Profit distribution after reporting period

On 29 August 2025, the Board of Directors of the Bank proposed a cash dividend of RMB1.563 (before tax) for every 10 shares to both A shares and H shares registered shareholders of the Bank, totalling RMB13,811 million, calculated based on the total number of ordinary shares outstanding of 88,364 million shares as at 30 June 2025. The proposal will be subject to the approval by the General Meeting of Shareholders.

47 COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 30 June 2025

1 CURRENCY CONCENTRATIONS

As at 30 June 2025	USD	HKD	Others	Total
Spot assets	949,713	214,185	263,356	1,427,254
Spot liabilities	(933,791)	(307,115)	(150,164)	(1,391,070)
Forward purchases	2,251,318	419,737	335,864	3,006,919
Forward sales	(2,388,744)	(236,045)	(455,878)	(3,080,667)
Net option position	(5,621)	(1,208)	500	(6,329)
Net (short)/long position	(127,125)	89,554	(6,322)	(43,893)
Net structural position	195,192	29,526	7,767	232,485
As at 31 December 2024	USD	HKD	Others	Total
Spot assets	951,959	219,735	249,755	1,421,449
Spot liabilities	(924,060)	(267,742)	(143,882)	(1,335,684)
Forward purchases	2,458,972	298,416	1,311,505	4,068,893
Forward sales	(2,599,792)	(161,455)	(1,909,151)	(4,670,398)
Net option position	(17,723)	(296)	(1,809)	(19,828)
Net (short)/long position	(130,644)	88,658	(493,582)	(535,568)
Net structural position	193,172	29,592	7,771	230,535

The net options position is calculated using the approach set out by the China's National Financial Regulatory Administration in the regulatory report. The net structural position of the Group includes the structural positions of the Group's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- Investments in fixed assets and properties, net of depreciation charges;
- Capital and statutory reserve of overseas branches;
- Investments in overseas subsidiaries and related companies; and
- Loan capital.

2 INTERNATIONAL CLAIMS

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Chinese Mainland.

In respect of this unaudited supplementary financial information, Chinese Mainland excludes Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Chinese Taiwan.

International claims include loans and advances to customers, due from and placements with banks and other financial institutions, trade bills and certificates of deposits held and investment securities.

International claims have been disclosed by country or region. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if risk exposure is transferred to other counterparty by risk resolving methods. Exposure to credit risk is also mitigated through methods of guarantees, collaterals and credit derivatives.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

2 INTERNATIONAL CLAIMS (Continued)

As at 30 June 2025	Bank	Official sector	Non-bank Private sector	Others	Total
Asia Pacific	571,837	152,497	710,628	–	1,434,962
<i>Of which attributed to Hong Kong</i>	184,607	107,620	396,566	–	688,793
North and South America	18,342	14,545	31,701	–	64,588
Africa	1,122	2,466	358	–	3,946
Europe	11,854	639	25,249	–	37,742
Total	603,155	170,147	767,936	–	1,541,238

As at 31 December 2024	Bank	Official sector	Non-bank Private sector	Others	Total
Asia Pacific	619,944	145,186	697,562	–	1,462,692
<i>Of which attributed to Hong Kong</i>	185,343	95,183	392,236	–	672,762
North and South America	24,016	14,505	36,250	–	74,771
Africa	748	1,643	484	–	2,875
Europe	10,313	570	27,543	–	38,426
Total	655,021	161,904	761,839	–	1,578,764

3 OVERDUE AND RESTRUCTURED ASSETS

(1) Balance of overdue loans

	As at 30 June 2025	As at 31 December 2024
Loans and advances to customers which have been overdue for:		
– Less than 3 months	36,429	42,389
– 3 to 6 months	19,064	15,003
– 6 to 12 months	26,004	20,682
– Over 12 months	45,605	40,024
Total	127,102	118,098
Percentage (%):		
– Less than 3 months	0.40	0.50
– 3 to 6 months	0.21	0.18
– 6 to 12 months	0.29	0.24
– Over 12 months	0.51	0.46
Total	1.41	1.38

(2) Overdue and restructured loans

	As at 30 June 2025	As at 31 December 2024
Total restructured loans and advances to customers	74,994	66,959
<i>Including: Restructured loans and advances to customers overdue above 3 months</i>	11,267	7,985
Percentage (%) of restructured loans and advances to customers overdue above 3 months in total loans	0.13	0.09

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

4 SEGMENTAL INFORMATION OF LOANS

(1) Impaired loans and advances to customers by geographical area

	As at 30 June 2025		As at 31 December 2024	
	Impaired loans and advances to customers	Allowance for impairment losses	Impaired loans and advances to customers	Allowance for impairment losses
Chinese mainland				
– Yangtze River Delta	25,987	(15,424)	24,196	(14,684)
– Bohai Rim Economic Zone	14,935	(8,628)	14,279	(7,991)
– Central China	14,881	(7,892)	14,535	(7,379)
– Pearl River Delta	15,399	(9,377)	14,704	(9,642)
– Head Office	15,836	(14,799)	12,596	(11,251)
– North Eastern China	7,573	(5,082)	8,902	(5,393)
– Western China	8,995	(5,272)	8,989	(5,340)
Subtotal	103,606	(66,474)	98,201	(61,680)
Hong Kong, Macau, Taiwan and overseas regions	11,412	(7,398)	13,459	(8,611)
Total	115,018	(73,872)	111,660	(70,291)

(2) Overdue loans and advances to customers by geographical area

	As at 30 June 2025		As at 31 December 2024	
	Overdue loans	Allowance for impairment losses	Overdue loans	Allowance for impairment losses
Chinese mainland				
– Head Office	29,566	(26,624)	28,522	(21,637)
– Yangtze River Delta	23,606	(13,282)	20,745	(11,582)
– Central China	17,840	(8,178)	17,603	(7,759)
– Pearl River Delta	17,601	(10,131)	15,356	(9,496)
– Bohai Rim Economic Zone	12,044	(7,230)	10,329	(5,795)
– Western China	9,532	(5,054)	8,364	(4,825)
– North Eastern China	5,309	(3,498)	4,762	(2,982)
Subtotal	115,498	(73,997)	105,681	(64,076)
Hong Kong, Macau, Taiwan and overseas regions	11,604	(7,323)	12,417	(8,243)
Total	127,102	(81,320)	118,098	(72,319)

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

5 LOANS AND ADVANCES TO CUSTOMERS

(1) The risk concentration analysis for loans and advances to customers by industry sectors (gross)

Hong Kong	As at 30 June 2025			As at 31 December 2024		
		%	Amount covered by collaterals		%	Amount covered by collaterals
Corporate loans						
Real estate	56,696	27.44	21,569	65,323	32.08	21,917
Finance	22,837	11.05	1,619	7,744	3.80	1,203
Manufacturing	18,377	8.89	2,907	15,978	7.85	2,035
Transportation, storage and postal service	13,312	6.44	5,627	8,225	4.04	3,052
Wholesale and retail	9,747	4.72	3,047	7,437	3.65	3,079
Accommodation and catering	6,775	3.28	2,709	2,200	1.08	2,200
Production and supply of power, heat, gas and water	6,142	2.97	–	–	–	–
Leasing and commercial services	3,670	1.78	1,276	10,548	5.18	3,944
Construction	2,923	1.41	132	5,432	2.67	983
Information transmission, software and IT services	1,276	0.62	35	3,901	1.92	36
Others	4,700	2.28	676	18,179	8.93	2,555
Total corporate loans	146,455	70.88	39,597	144,967	71.20	41,004
Personal loans						
Mortgage	46,168	22.34	46,046	44,641	21.93	44,484
Personal consumption loans	10,400	5.03	10,163	10,082	4.95	9,751
Personal business loans	314	0.15	313	330	0.16	329
Credit cards	115	0.06	–	127	0.06	–
Others	3,180	1.54	2,668	3,455	1.70	3,423
Total personal loans	60,177	29.12	59,190	58,635	28.80	57,987
Gross amount of loans and advances to customers before impairment allowance	206,632	100.00	98,787	203,602	100.00	98,991
Outside Hong Kong	8,791,867			8,351,520		

Note: The classification of industries is consistent with the latest national standards for industry classification (*Industrial Classification for National Economic Activities (GB/T 4754-2017)* issued by SAC and AQSIQ in 2017).

The risk concentration analysis for loans and advances to customers by industry sectors is based on the Group's internal classification system.

The ratio of collateral and pledge loans to the total loans of the Group was 43% as at 30 June 2025 (As at 31 December 2024: 45%).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2025

5 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Allowance on loans and advances to customers by type of loan

	As at 30 June 2025		As at 31 December 2024	
	Impaired loans	Allowance for impairment losses	Impaired loans	Allowance for impairment losses
Corporates	77,180	(46,808)	81,834	(49,108)
Personals	37,838	(27,064)	29,826	(21,183)
Total	115,018	(73,872)	111,660	(70,291)

The amount of new provisions charged to statement of profit or loss, and the amount of loans and advances written off during the period are disclosed below:

	Six months ended 30 June 2025			Six months ended 30 June 2024		
	New provisions	Loans and advances written off as uncollectible	Recoveries of loans and advances written off in previous years	New provisions	Loans and advances written off as uncollectible	Recoveries of loans and advances written off in previous years
Corporates	13,740	(4,973)	1,586	18,093	(7,141)	1,053
Personals	16,229	(12,490)	1,741	13,149	(9,242)	1,348
Total	29,969	(17,463)	3,327	31,242	(16,383)	2,401



Bank of Communications Co., Ltd.

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