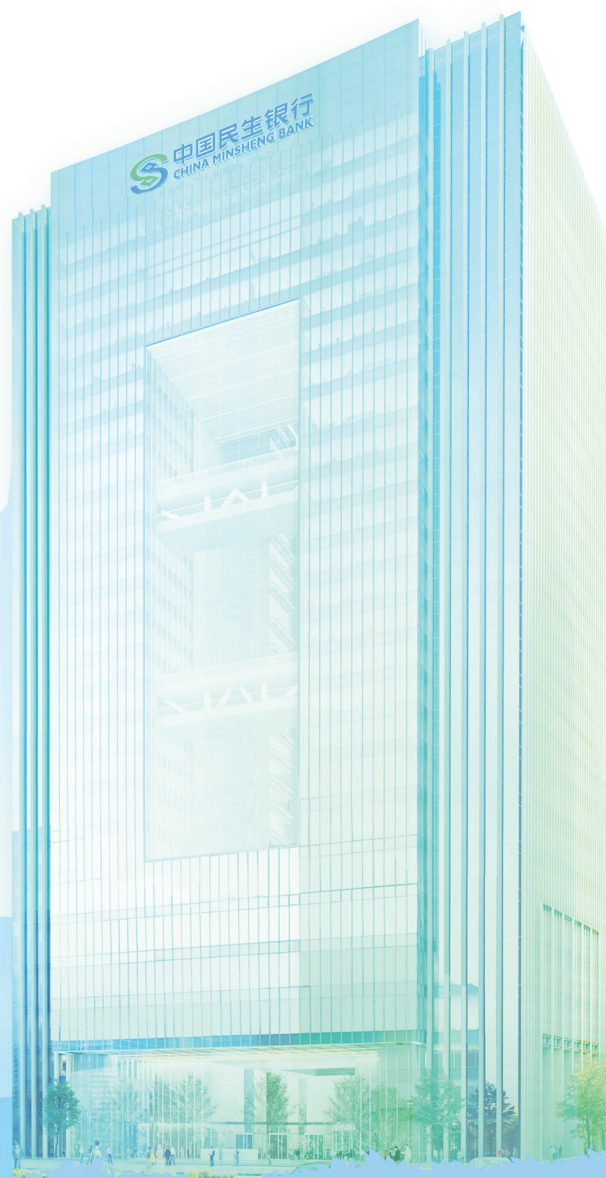




(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 01988



2025
INTERIM REPORT

IMPORTANT NOTICE

The Board of Directors, the Board of Supervisors, and the Directors, Supervisors and Senior Management of the Bank warrant the truthfulness, accuracy and completeness of the contents of this Interim Report and there are no misstatements, misleading representations or material omissions in this Interim Report, and shall assume several and joint liability.

This Interim Report was considered and approved on 29 August 2025 at the 14th meeting of the 9th session of the Board of Directors of the Bank. Of the 15 Directors who were entitled to attend the meeting, 9 Directors attended the meeting in person, 5 Directors attended the meeting by teleconference or video conference, and one Director, being ZHAO Peng, entrusted Director LIANG Xinjie to attend the meeting and exercise voting rights on his behalf, due to personal matters. 6 Supervisors of the Bank attended the meeting as non-voting delegates.

The interim financial reports of the Bank were not audited.

GAO Yingxin (Chairman), WANG Xiaoyong (President), LI Bin (person in charge of finance and accounting), and ZHANG Lanbo (person in charge of the accounting department) declare that they warrant the truthfulness, accuracy and completeness of the financial reports included in this Interim Report.

Pursuant to the resolutions and authorisations of the 2024 Annual Shareholders' Meeting, the interim profit distribution plan for 2025 has been considered and approved by the Board of Directors: On the basis of the total number of shares of the Bank as at the record date of profit distribution, a cash dividend of RMB1.36 (tax inclusive) would be distributed to all shareholders of the Bank for every 10 shares held.

Unless otherwise specified, the financial data and indicators contained in this Interim Report are the consolidated data of the Group and all amounts are denominated in RMB.

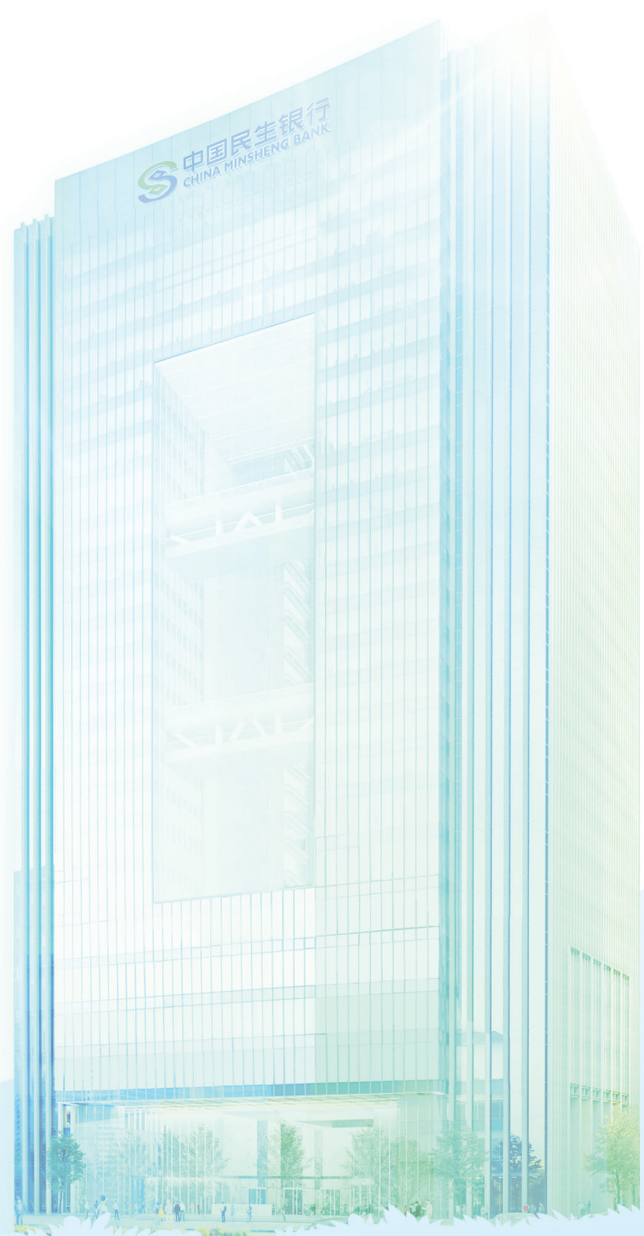
The forward-looking statements about matters such as future plans in this Interim Report do not constitute substantive commitments of the Bank to the investors, and the investors and related persons shall maintain sufficient risk awareness in this regard, and shall understand the difference among plans, forecasts and commitments.

Material Risk Warning: The Bank has not found any material risks that will adversely affect the Bank's future development strategy and business objectives. The Bank has taken active measures to effectively manage various risks. For details, please refer to the relevant contents under "Chapter 3 Management Discussion and Analysis" of this Report.



CONTENTS

Important Notice	
Contents	1
Definitions	2
Chapter 1 Bank Profile	3
Chapter 2 Summary of Accounting Data and Financial Indicators	6
Chapter 3 Management Discussion and Analysis	10
I. Overview of Operations	10
II. Review of Businesses	12
III. Conditions of the Industry	33
IV. Analysis of Major Items of Statement of Profit or Loss	34
V. Analysis of Major Items of Statement of Financial Position	44
VI. Qualitative Analysis of Loans	50
VII. Analysis of Capital Adequacy Ratio	56
VIII. Liquidity Indicators	58
IX. Segment Report	58
X. Other Financial Information	60
XI. Operational Concerns	63
XII. Risk Management	66
XIII. Prospects	73
Chapter 4 Changes in Share Capital and Information on Shareholders	74
Chapter 5 Corporate Governance, Environmental and Social Responsibilities	87
Chapter 6 Major Events	108
Financial Reports	113



DEFINITIONS

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

Bank, the Bank, Company, China Minsheng Bank, Minsheng Bank	China Minsheng Banking Corp., Ltd.
Group	the Bank and its subsidiaries
Minsheng Financial Leasing	Minsheng Financial Leasing Co., Ltd.
Minsheng Royal Fund	Minsheng Royal Fund Management Co., Ltd.
CMBC International	CMBC International Holdings Limited
CMBC Wealth Management	CMBC Wealth Management Co., Ltd.
NFRA	National Financial Regulatory Administration
PBOC	The People's Bank of China
CSRC	China Securities Regulatory Commission
former CBIRC	former China Banking and Insurance Regulatory Commission
former CBRC	former China Banking Regulatory Commission
former CIRC	former China Insurance Regulatory Commission
SSE	Shanghai Stock Exchange
SEHK	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on SEHK
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
Articles of Association	the Articles of Association of China Minsheng Banking Corp., Ltd.
Reporting Period	the period from 1 January 2025 to 30 June 2025

CHAPTER 1 BANK PROFILE

1. Registered Chinese Name of the Company: 中國民生銀行股份有限公司
(Abbreviation: 中國民生銀行)
Registered English Name of the Company: CHINA MINSHENG BANKING CORP., LTD.
(Abbreviation: CMBC)
2. Legal Representative of the Company: GAO Yingxin
3. Authorised Representatives of the Company: YEUNG Chi Wai, Jason, WANG Honggang
4. Board Secretary: LI Bin
Company Secretary: WANG Honggang
Representative of Securities Affairs: WANG Honggang
5. Mailing Address: No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
Postal Code: 100031
Telephone: 86-10-58560975; 86-10-58560824
Facsimile: 86-10-58560720
Email: cmbc@cmbc.com.cn
Hotline for Service Supervision: 86-95568
Hotline for Credit Card Service Supervision: 86-400 66 95568
6. Registered and Office Address: No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China
Postal Code: 100031
Website: www.cmbc.com.cn
Email: cmbc@cmbc.com.cn
7. Branch Office and Place of Business in Hong Kong: Flat 3701-02, 3712-16, 37/F and 40/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
8. Newspapers and Websites for Publishing Interim Report of the Company: China Securities Journal (www.cs.com.cn), Shanghai Securities News (www.cnstock.com) and Securities Times (www.stcn.com)
Stock Exchange Website for Publishing A Share Interim Report of the Company: www.sse.com.cn
Stock Exchange Website for Publishing H Share Interim Report of the Company: www.hkexnews.hk
Place for Collection of the Interim Reports: Office of the Board of the Bank

CHAPTER 1 BANK PROFILE

- | | | |
|-----|---|---|
| 9. | Legal Adviser as to PRC Law: | Grandall Law Firm, Beijing Office |
| | Legal Adviser as to Hong Kong Law: | Clifford Chance |
| 10. | Domestic Accounting Firm: | KPMG Huazhen LLP |
| | Office Address: | 8/F, Office Tower E2, Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing |
| | Signing Accountants: | SHI Jian, ZHANG Luyang |
| | International Accounting Firm: | KPMG |
| | Office Address: | 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong |
| | Signing Accountant: | LEUNG Tat Ming |
| 11. | A Share Registrar: | China Securities Depository and Clearing Corporation Limited (Shanghai Branch) |
| | Office Address: | No. 188 Yanggao Nan Road, Pudong New Area, Shanghai |
| | H Share Registrar: | Computershare Hong Kong Investor Services Limited |
| | Office Address: | Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong |
| | Domestic Preference Share Registrar: | China Securities Depository and Clearing Corporation Limited (Shanghai Branch) |
| 12. | Places of Listing, Stock Names and Stock Codes: | |
| | A Shares: SSE | Stock Name: MINSHENG BANK;
Stock Code: 600016 |
| | H Shares: SEHK | Stock Name: MINSHENG BANK;
Stock Code: 01988 |
| | Domestic Preference Shares: SSE | Stock Name: Minsheng Preference 1;
Stock Code: 360037 |
| 13. | Initial Date of Registration: | 7 February 1996 |
| | Initial Place of Registration: | No. 4 Zhengyi Road, Dongcheng District, Beijing, China |
| 14. | Date of Registration for Subsequent Change: | 20 November 2007 |
| | Place of Registration: | No. 2 Fuxingmennei Avenue, Xicheng District, Beijing, China |
| 15. | Unified Social Credit Code: | 91110000100018988F |

CHAPTER 1 BANK PROFILE

16. Development Strategy and Business Summary

Formally established in Beijing in 1996, the Bank is the first national joint-stock commercial bank in China primarily initiated and founded by the non-state-owned enterprises (NSOEs).

Strategic development goals of the Bank:

A first-class commercial bank with distinctive features, continuous innovation, increasing value and steady operation

Strategic positionings:

A bank for NSOEs. Sticking to the customer positioning and the strategic choice it has been following over the years, the Bank keeps its distinctive features unchanged. The Bank continues to leverage the advantages of market-oriented system and mechanism, wholeheartedly supports the development of the real economy, and strives to become a bank with the best services for NSOEs and build a golden brand of China Minsheng Bank in the field of financial services to micro, small and medium enterprises (MSMEs), so as to truly implement the mission of “serving the public, caring about people’s livelihood”.

An agile and open bank. Following the development trend of digital economy, the Bank promotes continuous innovation and seeks for breakthroughs in technology-driven eco-bank to optimise comprehensive services such as scenario integration and ecosystem co-construction. The Bank creates value for customers and grows together with them by empowering the whole production process and life journey of small, medium and large customers as well as individual customers. The Bank strives to push the data-driven intelligent bank to a new level and elevate the digital and intelligent level of operation and management in all aspects, in a bid to provide agile and efficient comprehensive services with ultimate customer experience.

A bank with considerate services. The Bank stays customer-centric and puts special emphasis on its origins of service and business, and compliance and steadiness. Based on the deep understanding of customer needs, the Bank strives to build up trust through professional services, enhance customer experience through optimised procedures, strengthen customer stickiness through value creation, and maintain security through risk management and control, so as to unite with customers and partners, become customers of each other, grow together and achieve common prosperity.

Upon the approval of relevant regulatory authorities, the Bank operates the following commercial banking businesses: taking deposits from the public; granting short-, mid- to long-term loans; handling domestic and foreign settlements; accepting and discounting negotiable instruments, and issuing financial bonds; issuing, settling and underwriting government bonds as an agent; buying and selling government bonds and financial bonds; operating interbank borrowing and lending; buying and selling foreign exchange, and buying and selling foreign exchange as an agent; settling and selling foreign exchange; operating bank card business; providing letter of credit services and guaranty; receiving and paying funds as an agent; providing safe deposit box service; operating other businesses approved by the banking regulatory authority of the State Council; operating insurance business as a sideline agent; selling securities investment funds and providing custody services for securities investment funds. (The market entity independently chooses and operates businesses in accordance with laws. Operations of sideline insurance agency, sales of securities investment funds, custody of securities investment funds, and businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities and within the approved scopes. It is not allowed to operate businesses prohibited or restricted by national or municipal industry policies.)

For the main changes in the Bank’s business philosophy during the Reporting Period, please refer to “Chapter 3 Management Discussion and Analysis”.

CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

I. Major Accounting Data and Financial Indicators

	January to June 2025	January to June 2024	Changes of the Reporting Period over the corresponding period of the previous year	January to June 2023
Operating results (RMB million)			Increase/decrease (%)	
Operating income	70,701	65,589	7.79	69,868
Net interest income	49,203	48,582	1.28	51,334
Net non-interest income	21,498	17,007	26.41	18,534
Operating expenses	21,522	21,453	0.32	22,179
Impairment losses on credit	26,039	20,551	26.70	22,210
Profit before income tax	22,794	23,476	-2.91	24,747
Net profit attributable to holders of equity shares of the Bank	21,380	22,474	-4.87	23,777
Net cash flow from operating activities	-219,043	-283,843	Negative for two periods	108,631
Data per share (RMB)				
Basic earnings per share	0.45	0.43	4.65	0.46
Diluted earnings per share	0.45	0.43	4.65	0.46
Net cash flow per share from operating activities	-5.00	-6.48	Negative for two periods	2.48
Profitability indicators (%)			Changes in percentage points	
Return on average assets (annualised)	0.55	0.60	-0.05	0.64
Return on weighted average equity (annualised)	7.14	7.04	0.10	7.88
Cost-to-income ratio	29.22	31.36	-2.14	30.25
Net fee and commission income to operating income ratio	13.70	14.71	-1.01	15.51
Net interest spread (annualised)	1.30	1.26	0.04	1.41
Net interest margin (annualised)	1.39	1.38	0.01	1.48

CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

	30 June 2025	31 December 2024	Changes from the end of the previous year to the end of the Reporting Period	31 December 2023
Scale indicators (RMB million)			Increase/decrease (%)	
Total assets	7,768,921	7,814,969	-0.59	7,674,965
Total loans and advances to customers	4,469,874	4,450,480	0.44	4,384,877
Of which: Corporate loans and advances	2,727,239	2,679,921	1.77	2,617,355
Personal loans and advances	1,742,635	1,770,559	-1.58	1,767,522
Allowance for impairment losses on loans	95,816	93,129	2.89	97,444
Total liabilities	7,066,609	7,158,401	-1.28	7,037,164
Total deposits from customers	4,311,002	4,249,095	1.46	4,283,003
Of which: Corporate deposits	2,931,599	2,946,810	-0.52	3,068,931
Personal deposits	1,377,592	1,298,353	6.10	1,206,587
Share capital	43,782	43,782	–	43,782
Total equity attributable to holders of equity shares of the Bank	688,544	642,859	7.11	624,602
Total equity attributable to holders of ordinary shares of the Bank	563,544	547,859	2.86	529,602
Net assets per share attributable to holders of ordinary shares of the Bank (RMB)	12.87	12.51	2.88	12.10
Asset quality indicators (%)			Changes in percentage points	
NPL ratio	1.48	1.47	0.01	1.48
Allowance to NPLs	145.06	141.94	3.12	149.69
Allowance to total loans	2.14	2.09	0.05	2.22
Capital adequacy ratio indicators (RMB million)			Increase/decrease (%)	
Net capital base	786,415	752,993	4.44	755,416
Of which: Net core tier-1 capital	563,800	546,689	3.13	533,852
Net other tier-1 capital	125,788	95,814	31.28	96,036
Net tier-2 capital	96,827	110,490	-12.37	125,528
Risk-weighted assets	5,933,562	5,842,716	1.55	5,750,072
			Changes in percentage points	
Core tier-1 capital adequacy ratio (%)	9.50	9.36	0.14	9.28
Tier-1 capital adequacy ratio (%)	11.62	11.00	0.62	10.95
Capital adequacy ratio (%)	13.25	12.89	0.36	13.14
Total equity to total assets ratio (%)	9.04	8.40	0.64	8.31

CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Notes:

1. Return on average assets = net profit/average balance of total assets at the beginning and the end of the period.
2. Earnings per share and return on weighted average equity: calculated according to the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share (2010 Revision) 《公開發行證券的公司信息披露編報規則第9號－淨資產收益率和每股收益的計算及披露》(2010年修訂)) and other regulations. The effect of the distribution of dividends for preference shares and perpetual bond interest was taken into account in calculating the above indicators.
3. Cost-to-income ratio = (operating expenses and other operating expenses – tax and surcharges)/operating income.
4. Net interest spread = average return ratio on interest-earning assets – average cost ratio of interest-bearing liabilities.
5. Net interest margin = net interest income/average balance of interest-earning assets.
6. Total loans and advances to customers, total deposits from customers and the compositions of which do not include accrued interests.
7. Allowance for impairment losses on loans includes allowance for impairment losses on loans measured at amortised cost, and allowance for impairment losses on loans at fair value through other comprehensive income.
8. Total deposits from customers include corporate deposits, personal deposits and other deposits.
9. NPL ratio = total NPLs/total loans and advances to customers.
10. Allowance to NPLs = allowance for impairment losses on loans/total NPLs; allowance to total loans = allowance for impairment losses on loans/total loans and advances to customers.

CHAPTER 2 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

II. Supplementary Accounting Data and Financial Indicators

Important indicators (%)	Benchmark	30 June 2025	31 December 2024	31 December 2023
Liquidity ratio (RMB and foreign currency)	≥25	74.46	82.95	66.63
Liquidity ratio (RMB)	≥25	71.41	80.74	64.05
Liquidity ratio (Foreign currency)	≥25	116.72	123.49	157.07
Liquidity coverage ratio	≥100	155.16	161.99	146.06
Net stable funding ratio	≥100	106.68	108.31	106.91
Leverage ratio	≥4.125	7.58	7.18	7.43
Percentage of loans to the single largest loan customer	≤10	1.56	2.42	3.44
Percentage of loans to the top ten largest loan customers	≤50	8.73	10.17	10.45

Notes:

1. The above data were calculated based on the relevant regulations of China's banking regulatory authorities.
2. Percentage of loans to the single largest loan customer = total loans to the single largest loan customer/net capital base.
3. Percentage of loans to the top ten loan customers = total loans to the top ten loan customers/net capital base.

Migration ratio of loans (%)	30 June 2025	31 December 2024	31 December 2023
Pass	1.69	1.56	1.69
Special-mentioned	34.95	28.93	29.74
Substandard	171.38	86.85	45.06
Doubtful	135.74	79.02	46.63

Note: The migration ratio of loans was the information of the Bank and was calculated according to the Notice of China Banking and Insurance Regulatory Commission on Revising the Definition and Calculation Formula for the Basic Indicators of Off-site Supervision of the Banking Industry (Yin Bao Jian Fa [2022] No. 2) 《中國銀保監會關於修訂銀行業非現場監管基礎指標定義及計算公式的通知》(銀保監發[2022]2號)). The data of this period was the annualised data.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

I. Overview of Operations

During the Reporting Period, the Group insisted on taking high-quality development as the top priority, comprehensively advanced strategy implementation, and consolidated the operational momentum of making progress while maintaining stability. By focusing on “strengthening customer group management, optimising structure, controlling risks, and driving revenue growth”, the Group set its sights to mid- to long-term development goals and annual business strategies, and concentrated on the cultivation of core capabilities and the forging of differentiated competitive advantages. The Group deepened the construction of the customer group management system, strove to create more opportunities with basic customers, basic businesses, and basic products, strengthened the “customer-centric” business philosophy, and strove to become the host bank of customers. The Group upgraded refined management, optimised asset-liability structure and improved collaboration and coordination mechanisms. The Group reinforced the risk management and compliance foundations and insisted on seeking progress in stability. The Group accelerated the empowerment of digital transformation and reshaped business process and customer experience. The Group actively integrated itself into national economic and social development, and proactively shouldered responsibilities in areas such as serving the real economy, practising green finance, and supporting inclusive people’s livelihood. During the Reporting Period, the Group advanced all tasks in an orderly manner toward reform objectives, with core competitiveness in compliant and steady development gradually strengthened, strategic consensus further consolidated, institutional vitality continuously unleashed, and operational quality and efficiency consistently enhanced.

The asset-liability structure was further optimised and the high-quality development was maintained. On the asset side, the Group continued to increase credit placement, and concentrated resources on major strategies, key sectors, and weak links of the national economy, thereby optimising asset allocation structure while serving the real economy. As at the end of the Reporting Period, total assets of the Group amounted to RMB7,768,921 million, representing a decrease of RMB46,048 million, or 0.59%, as compared with the end of the previous year. Of which, total loans and advances to customers amounted to RMB4,469,874 million, representing an increase of RMB19,394 million, or 0.44%, as compared with the end of the previous year, and accounted for 57.54% of total assets, representing an increase of 0.59 percentage points as compared with the end of the previous year. General loans increased steadily, and accounted for 56.00% of total assets, representing an increase of 1.85 percentage points as compared with the end of the previous year. On the liability side, the Group strengthened the classified management of customer groups, improved products and services, and promoted liability structure optimisation with refined management. As at the end of the Reporting Period, total liabilities of the Group amounted to RMB7,066,609 million, representing a decrease of RMB91,792 million, or 1.28%, as compared with the end of the previous year. Of which, total deposits from customers amounted to RMB4,311,002 million, representing an increase of RMB61,907 million, or 1.46%, as compared with the end of the previous year, and accounted for 61.01% of total liabilities, representing an increase of 1.65 percentage points as compared with the end of the previous year. Personal deposits maintained growth, and accounted for 31.96% of total deposits from customers, representing an increase of 1.40 percentage points as compared with the end of the previous year. By establishing diversified financial service scenarios, the Group focused on key businesses including payment and settlement, payroll agency, and supply chain finance, enhanced the internal capital circulation mechanism, and achieved concurrent growth of both the scale and proportion of low-cost settlement deposits.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The operating income increased as compared with the corresponding period of the previous year, and the business performance maintained a steady and positive trend. The Group earnestly advanced strategy implementation and continuously promoted business performance improvements. In the first half of 2025, the operating income, net interest income and net fee and commission income increased as compared with the corresponding period of the previous year. During the Reporting Period, the operating income of the Group amounted to RMB70,701 million, representing an increase of RMB5,112 million, or 7.79%, as compared with the corresponding period of the previous year. On the one hand, the steady scale expansion and the stabilisation of net interest margin contributed to the growth of net interest income. During the Reporting Period, the daily average scale of interest-earning assets amounted to RMB7,122,447 million, representing an increase of RMB57,932 million as compared with the corresponding period of the previous year. The net interest margin was 1.39%, representing an increase of 1BP as compared with the corresponding period of the previous year. The net interest income amounted to RMB49,203 million, representing an increase of RMB621 million, or 1.28%, as compared with the corresponding period of the previous year. On the other hand, the Group reasonably capitalised on market opportunities to promote the growth of key intermediary businesses and investment returns. During the Reporting Period, the net non-interest income of the Group amounted to RMB21,498 million, representing an increase of RMB4,491 million, or 26.41%, as compared with the corresponding period of the previous year. Of which, the net fee and commission income of the Group amounted to RMB9,685 million, representing an increase of RMB40 million, or 0.41%, as compared with the corresponding period of the previous year. Meanwhile, the Group proactively responded to the changes in external risk conditions and intensified efforts in the disposal of non-performing assets. The net profit attributable to holders of equity shares of the Bank amounted to RMB21,380 million, representing a decrease of RMB1,094 million, or 4.87%, as compared with the corresponding period of the previous year.

The risk and internal control management system was continuously improved, and the asset quality was kept generally stable. During the Reporting Period, the Group strengthened the transmission and implementation of risk preferences, continuously enhanced the risk and internal control management system, and adhered to coordinated and unified development of scale, structure, quality, efficiency, and safety. The Group optimised the coordinated prevention and control mechanism of the “three lines of defense”, proactively adjusted risk prevention measures in advance, intensified the collection and disposal of non-performing assets, and steadily resolved credit risks in key areas in an orderly manner to maintain overall stability of asset quality. As at the end of the Reporting Period, total NPLs of the Group amounted to RMB66,052 million, representing an increase of RMB442 million as compared with the end of the previous year. The NPL ratio was 1.48%, representing an increase of 0.01 percentage points as compared with the end of the previous year. The allowance to NPLs was 145.06%, representing an increase of 3.12 percentage points as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

II. Review of Businesses

(I) Vigorously developing the “five major sectors”

1. Sci-tech finance

The Bank incorporated sci-tech finance as a strategic business into its mid- to long-term development plan, further improved the quality and effectiveness of finance in serving sci-tech innovation enterprises, and strengthened support for sci-tech enterprises represented by the “dedicated, refined, distinctive and innovative (DRDI)” enterprises. Firstly, the Bank optimised the system and mechanism, expanded key branches and distinctive sub-branches for sci-tech finance, actively explored specialised operation models, improved the multi-level organisational structure consisting of the Head Office, branches and sub-branches, formulated and implemented annual development strategies, and increased resource allocation. Secondly, the Bank enriched the exclusive product system of “Easy Innovation (易創)”, and continued to optimise the online unsecured loan product of “E-Easy Innovation Loan (易創E貸)” and the intellectual property right (IPR)-pledged financing product of “Easy Innovation IPR Loan (易創知貸)”. The Bank accelerated the promotion of distinctive and innovative products such as M&A loans and R&D loans for sci-tech enterprises and sci-tech innovation bonds, and efficiently utilised policy instruments, such as sci-tech innovation re-lending, to meet various financial needs of customers in an all-round, diversified and comprehensive manner. Thirdly, the Bank reinforced its digital and intelligent service capabilities, continuously iterated and improved the digital tool construction of “Sparks Platform (螢火平台)” for sci-tech finance, and achieved rapid digital profiling of enterprises, precise matching of products/benefits, and in-depth industry research support, to enhance customer experience. Fourthly, the Bank continued to organise marketing activities such as “Minsheng Sci-Tech Finance (科技金融•民生相伴)”, expanded customer acquisition channels and integrated resources of the Group and the ecosystem to provide comprehensive services for sci-tech enterprises throughout their life cycles.

As at the end of the Reporting Period, the Bank provided services for 121.9 thousand sci-tech enterprises and 28.0 thousand “DRDI” customers. During the Reporting Period, the Bank was honoured with the “Golden Bull Award for Bank Supporting Sci-Tech Innovation (金牛銀行支持科創獎)” by the China Securities Journal, and the “E-Easy Innovation Loan” was recognised as “2025 Digital Inclusive Finance Innovation Achievements (2025 年度數字普惠金融創新成果)” at the China Digital Inclusive Finance Conference.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Green finance

The Bank firmly implemented the strategic deployment of green finance, continuously improved its multi-level green finance operation and management system, strengthened the building of professional service capabilities related to green finance, and increased its support for green and low-carbon development and the real economy. The Bank continued to focus on key areas such as green and low-carbon development, circular economy, and biodiversity protection, and promoted comprehensive service penetration across the entire industry chain in response to the green development needs of key customers.

During the Reporting Period, the Bank issued RMB10 billion green financial bonds, with the proceeds allocated to green industry projects including green infrastructure upgrades, energy conservation and environmental protection, and clean production. The Bank strengthened strategic promotion and marketing in key regions and for regionally distinctive customer groups, and promoted the steady development of green finance in key regions such as Beijing-Tianjin-Hebei, the Guangdong-Hong Kong-Macau Greater Bay Area, the Yangtze River Delta, the Chengdu-Chongqing economic circle and Fujian. The Bank continued to enrich and iterate the product and service system of “Minsheng Carbon Peak and Carbon Neutrality (民生峰和)”, and constantly enhanced innovation in segmented scenario products and comprehensive service models. The Bank strengthened the innovation in transformation finance and carbon finance, promoted the launch of innovative businesses such as loans linked to carbon footprints of industrial transformation and syndicated loans linked to biodiversity conservation indicators, and enhanced the promotion and application of innovative products such as “Emission Reduction Loan (減排貸)” and “Minsheng E-Carbon Loan (民生碳e貸)” to enable enterprises to improve sustainability performance and encourage public participation in carbon inclusive innovation mechanisms. The Bank actively served the national carbon market and provided professional guarantee to ensure smooth trading and compliance of member enterprises. It proactively integrated into the overall green development framework, and comprehensively participated in investments of thematic bonds and asset-backed securitisation products related to green finance, “carbon neutrality”, and rural revitalisation, thereby facilitating the green transformation and upgrading of the economy and the society. As at the end of the Reporting Period, the balance of green credit¹ of the Bank amounted to RMB326,485 million, representing an increase of RMB28,681 million, or 9.63%, as compared with the end of the previous year.

¹ The balance of green credit was calculated based on the green loan statistical standards of the People’s Bank of China for “five major sectors” of finance.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Inclusive finance

The Bank practised the political and people-oriented nature of financial work. Leveraging the cultural foundation and institutional advantage of “One Minsheng (一個民生);” and through integrated development, coordinated business and risk management, sci-tech-driven operation, and digital upgrades, the Bank continued to optimise its inclusive finance service system, and strove to become the preferred bank of MSMEs. Firstly, the Bank expanded the structured supply of inclusive credit. It has built a comprehensive service system for supply chain finance through integrated development, and established a cross-regional coordination model of “one touch point for nationwide implementation”. As at the end of the Reporting Period, the balance of supply chain loans to small business customers amounted to RMB52,554 million. Taking the “SME Credit Plan (中小信貸計劃)” and the “Honeycomb Plan (蜂巢計劃)” as the main drivers, the Bank provided targeted services to MSME clusters with regional characteristics through the approach of “One Industry, One Solution (一業一品)”. As at the end of the Reporting Period, the balance of loans under the Honeycomb Plan amounted to RMB7,650 million. The Bank also provided targeted support for sci-tech innovation enterprises, addressing the needs of sci-tech innovation MSMEs at different stages of development. As at the end of the Reporting Period, the balance of loans for sci-tech innovation MSMEs amounted to RMB76,500 million. Secondly, the Bank improved the quality and efficiency of comprehensive customer services. It supported the digital transformation of MSMEs with “E-Minsheng Family (民生e家);” to meet their daily operational needs in personnel, finance, and materials. As at the end of the Reporting Period, the “E-Minsheng Family” had 16.8 thousand active customers. The Bank has also developed the product of “Bill, L/C and L/G” with small business characteristics, and achieved online application, issuance of bank acceptance bills within seconds or minutes, and issuance of L/Gs within hours. Thirdly, the Bank strengthened asset quality control. It accelerated the launch of on-site risk officer model for MSMEs, and has built a new risk management mechanism featuring “antecedent risk management, dedicated approval, centralised operation, and independent post-lending management”. It has established a MSME risk management data mart and developed a smart risk control platform based on tools such as Minsheng E-Bank (民生E行) and iMinsheng (i民生) to comprehensively upgrade its management models and strategies.

As at the end of the Reporting Period, the balance of inclusive small business loans of the Bank amounted to RMB666,751 million, representing an increase of RMB4,033 million as compared with the end of the previous year. The number of customers of inclusive small business loans of the Bank was 482.9 thousand. During the Reporting Period, total inclusive small business loans disbursed by the Bank amounted to RMB361,727 million with an average interest rate of 3.70%. As at the end of the Reporting Period, the NPL ratio of inclusive small business loans was 1.52%. 2,416 business outlets of the Bank provided comprehensive financial services to MSE customers.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Ageing finance

The Bank actively responded to the national strategy for addressing population aging, upheld the long-term vision of “becoming the preferred bank for ageing finance”, took “Minsheng Enjoyment (民生悦享)” as the unified brand, and focused on five key areas to enhance its comprehensive service capabilities in ageing finance. Firstly, the Bank supported the development of a multi-level, multi-pillar pension insurance system. It accelerated the issuance of third-generation social security card and provided more convenience services. It optimised duty performance and value-added services for annuity funds, and strengthened policy promotion and market cultivation for corporate annuity. It advanced the account opening and contribution for the third-pillar personal pension system and enriched the range of investment products. Secondly, the Bank empowered to expand and strengthen the elderly care industry by increasing financial support for key areas such as pharmaceutical manufacturing and medical device companies, medical care institutions, and elderly care organisations, and providing tailored financial services for residents of elderly care institutions and their families. Thirdly, the Bank enhanced the service experience for elderly customers across all channels. For offline scenarios, the Bank optimised elderly-friendly facilities at its business outlets by establishing elderly-friendly business outlets, upgrading interfaces of self-service equipment, and providing convenient services for the elderly with limited mobility to make transactions without leaving home. For online scenarios, it developed the version 4.0 of the elderly-friendly mobile banking app and optimised elderly-friendly display on its official website and the personal online banking platform. Fourthly, the Bank delivered full life-cycle wealth management for elderly care. It offered financial products tailored to the needs and risk profiles of customers preparing for elderly care and the elderly customers, and strengthened the promotion of innovative products such as commercial pension to meet elderly care needs across the entire life cycle. Fifthly, the Bank safeguarded the financial security of the elderly. It prioritised protecting the financial rights and payment security of elderly customers, advanced elderly consumer rights protection, and has built a comprehensive education and publicity system.

As at the end of the Reporting Period, the number of personal pension accounts of the Bank amounted to 2,455.0 thousand, representing an increase of 159.4 thousand, or 6.94%, as compared with the end of the previous year. The number of personal accounts of corporate annuity account management business amounted to 278.2 thousand, representing an increase of 23.5 thousand, or 9.23%, as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

5. Digital finance

Building on the former Digital Finance Leading Group, the Bank adjusted and established the Digital Finance Committee to advance the digital transformation strategy in greater depth and with stronger execution. Firstly, the Bank enhanced data-driven decision-making capabilities with operation and management data analysis and application. The Bank actively advanced AI and large model development, deployed the development platform of AI Agent, formed cross-departmental professional teams, and focused on management reform and business empowerment to efficiently facilitate the deep application of AI across various scenarios. Focusing on the management requirements of “standardised data source”, and on the basis of improving the life-cycle management and control mechanism of indicators, the Bank strengthened the management of business indicators in terms of caliber definition, algorithm logic, and detailed data. It established a systematic management process for recognition of data resources in the balance sheet, and conducted inventory, ownership clarification, and evaluation of internal and external data resources related to typical application scenarios such as marketing and risk management, thereby developing tabulation standards and promoting the value transformation of data resources. Secondly, the Bank improved refined customer group management and service capabilities with intelligent and digital empowerment. The Bank has built a marketing strategy toolkit, and embedded digital and intelligent tools and capabilities into the workflow of account managers to form a complete customer data profile that combined top-down acquisition of business opportunities with bottom-up understanding of customers, thus enabling layered and classified customer group management. It strengthened the construction of mobile banking by upgrading wealth management scenarios, supporting flexible product allocation, introducing agency sales of foreign currency wealth management products of other banks in currencies such as HKD and GBP, and launching the new function of online contract signing for Little Wealth Butler (財富小管家), so as to continuously enhance its digital, intelligent and refined service capabilities. The new-generation corporate online banking focused on scenario-based services, and launched a dedicated section for cross-border finance to provide “one-stop” inquiry and handling services for international business. The Bank also released version 6.0 of mobile corporate banking app, optimised the mobile desk, message centre, and settlement services, and introduced screen-sharing services to significantly improve the professionalism and intelligence of the online corporate platform. The Bank deepened the reform of its customer service system, and innovatively upgraded video-based intelligent tellers and intelligent voice navigation to improve response efficiency to customer requests, achieving a customer satisfaction rate of 99.8%. It centralised the full-process operation of L/C and L/G at the Head Office. It fully applied intelligent technologies such as Intelligent Character Recognition (ICR) to enhance the quality and efficiency of confirmation responses, significantly shortening operation time and further improving user experience. By focusing on key scenarios and products, and leveraging data empowerment, the Bank improved its fraud prevention and control mechanism to effectively manage suspicious accounts and successfully intercept suspicious funds. It strengthened the empowerment of its agile mechanism for eco-finance, and comprehensively enhanced project management through team building, tool innovation, and method guidance. As at the end of the Reporting Period, the Bank launched 152 key functions of “E-Minsheng Family”, accelerated the integration of key SaaS applications, and consistently improved platform service capabilities and customer experience, with market effect beginning to emerge.

As at the end of the Reporting Period, the number of online retail platform users of the Bank was 124,494.4 thousand, representing an increase of 3.18% as compared with the end of the previous year. The number of online corporate platform users of the Bank amounted to 4,199.7 thousand, representing an increase of 4.13% as compared with the end of the previous year. The number of bank-enterprise direct connect customers amounted to 7,784, representing an increase of 14.81% as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Review of main businesses

1. Corporate banking business

(1) Strategic measures

During the Reporting Period, the Bank took corporate finance as an important approach for promoting the high-quality development of the real economy. The Bank continuously optimised the layered and classified customer management system, deepened credit support for key sectors, strengthened the application of product portfolios with competitive edges, and steadily advanced supply chain finance, payroll agency and other strategic businesses. The Bank also comprehensively consolidated the first line of defense, enhanced digital empowerment and system support capabilities in a steady manner, and promoted the sustainable development of corporate business.

During the Reporting Period, the corporate business of the Bank maintained steady growth. As at the end of the Reporting Period, the balance of corporate deposits of the Bank amounted to RMB2,919,108 million, representing a decrease of RMB14,118 million, or 0.48%, as compared with the end of the previous year. The balance of general corporate loans amounted to RMB2,610,065 million, representing an increase of RMB146,787 million, or 5.96%, as compared with the end of the previous year.

(2) Customer groups

The strategic client management was refined continuously, and the driving force of strategic clients was strengthened. During the Reporting Period, the Bank continued to conduct customer marketing, with both deposit and loan scales achieving steady growth. As at the end of the Reporting Period, the balance of loans (including discounted bills) of strategic clients at head office and branch levels² amounted to RMB1,494,972 million, representing an increase of RMB47,967 million as compared with the end of the previous year. During the Reporting Period, the daily average scale of deposits amounted to RMB1,201,736 million, representing an increase of RMB3,069 million as compared with the previous year. The Bank made continuous efforts in the integrated development of strategic clients by setting strategies, identifying clues, strengthening empowerment, and promoting coordination, so as to drive rapid growth of both customers along supply chains and individual customers. As at the end of the Reporting Period, the number of core supply chain customers brought in by strategic clients was 3,052, representing an increase of 558 as compared with the end of the previous year. The number of corporate financing clients from supply chains brought in by strategic clients was 37,440, representing an increase of 6,942 as compared with the end of the previous year. The number of new corporate clients of payroll agency increased by 321, bringing in 77.4 thousand new individual customers of payroll agency.

² Due to adjustments in the Bank's management functions, the scope of strategic clients at head office and branch levels was expanded.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The institutional business achieved steady growth, with optimised structure and improved quality and efficiency. Adhering to the positionings of institutional business to stabilise liabilities, connect ecosystems, and attract high-quality customers, the Bank strengthened chain-based development of special bonds and marketing in fiscal fund disbursement chains, vigorously advanced the implementation and enhancement of its institutional strategic client system and asset business, and gradually explored comprehensive development of ecosystem scenarios such as housing construction, medical care, and judicial services, in a bid to achieve the steady growth of institutional business. During the Reporting Period, the institutional deposits grew steadily, with the cost ratio decreasing significantly as compared with the previous year. During the Reporting Period, the Bank secured 83 new local fiscal qualifications, 3.3 times that of the corresponding period of the previous year. The volume of fiscal fund settlement, the number of institutional customers, and the scale of payroll agency increased significantly as compared with the corresponding period of the previous year.

(3) Businesses and products

Focusing on “shoring up weak links in supply chains” and serving the development of new quality productive forces, the Bank accelerated the iteration and upgrading of its supply chain product system. It continued to enhance the efficiency of supporting full-process online operation and end-to-end centralised online operation for supply chains, and served enterprises’ business operation links with “bill, L/C, L/G and credit sale”, so as to efficiently and conveniently meet corporate financing needs and improve financing efficiency and experience of customers. As at the end of the Reporting Period, the Bank has served a total of 5,372 core enterprises³, representing an increase of 36.62% as compared with the end of the previous year. The number of customers in supply chains was 57,007, representing an increase of 24.54% as compared with the end of the previous year. The balance of financing reached RMB374,319 million.

The Bank advanced the development of international business from a strategic business perspective, and facilitated high-level opening-up. It refined its digital product system, continued to build the brand of “All Across the World (民生跨境一家)”, expanded foreign exchange facilitation business across the whole bank, and provided enterprises with convenient cross-border financial services. It launched the “dedicated section for cross-border finance” in its corporate online banking platform, and offered one-click access to high-frequency cross-border remittance and foreign exchange settlement and sale services, with the online processing rate of cross-border remittances reaching 75%. The Bank also developed a cross-border platform with the Shanghai Pilot Free Trade Zone Branch as the centre and the Hong Kong Branch as the collaborator, supporting enterprises in the efforts of “going out” and “bringing in”. During the Reporting Period, the coordinated loan disbursement via the Shanghai Pilot Free Trade Zone Branch increased by 98.44% as compared with the corresponding period of the previous year, and the business volume of international settlements amounted to USD200,701 million, representing an increase of 14.18% as compared with the corresponding period of the previous year.

³ The standard of effective corporate clients was adjusted, and the standard of customers in the supply chains was adjusted accordingly.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Focusing on scenario-based payment and settlement needs, the Bank leveraged online services to support customers' production, operation, and digital transformation. It promoted the standardisation of account opening and the integration of "account opening + basic services", and created differentiated advantages in account services. Focusing on the distribution and collection needs of enterprises, the Bank introduced the online settlement product of Collection Express (收款通), offering a one-stop solution for customers' pain points such as collection and reconciliation. Additionally, the Bank developed the flagship product of "Minsheng Treasury Cloud (民生財資雲)", which enabled the digital transformation of financial and capital management of small and medium enterprises (SMEs), serving over 15,000 customers and their member units at various levels. During the Reporting Period, the basic products such as the Tax and Fee Express (稅費通) and the Minsheng Payroll Agency (民生代發薪) served more than 100 thousand new customers.

Feature 1: Continuously Building the Brand of "All Across the World", Empowering High-Quality Development of MSMEs in Foreign Trade

The Bank thoroughly implemented the central government's decisions and arrangements on "stabilising foreign trade", optimised its product system, and has built a smart, digital cross-border service ecosystem. It launched smart collection solutions featuring "second-level cross-border remittance arrival" and "integrated collection and settlement" to support enterprises in export foreign exchange collection. It promoted the AI-based smart document verification service of "Shipping Remittance Express (海運快匯)" to enhance the efficiency of cross-border payments. It optimised the function of "Cloud Exchange Rate Lock (雲鎖匯)" for foreign exchange transactions to effectively enhance the accessibility of exchange rate risk hedging services for MSMEs. In addition, the Bank innovatively iterated the model of online empowerment and offline approval of "Cross-Border E-Finance (出口e融)", and leveraged the dual drivers of "technology + data" to enhance the precision and depth of financing services for MSME customers. During the Reporting Period, the Bank served a total of over 24 thousand MSMEs in foreign trade, representing an increase of 12.49% as compared with the corresponding period of the previous year. The Bank fully met their diverse financial needs under new business models of foreign trade, and injected strong momentum into the high-quality development of foreign trade economy.

Focusing on serving national strategic priorities, the Bank supported customers in direct financing. It actively underwrote sci-tech innovation bonds (including sci-tech innovation bills), green bonds, and rural revitalisation bills, etc. During the Reporting Period, the Bank issued RMB129,119 million bonds, serving 298 customers. Of which, total number of debt financing instruments underwritten for non-financial enterprises was 449 with an amount of RMB125,907 million.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Bank continued to advance in key areas, and continuously improved its mid- to long-term loan product matrix. The Bank proactively responded to national policies, and consistently enhanced resource allocation in key fields supported by the State, such as large infrastructure, the manufacturing industry, new energy and new materials, thereby facilitating the development of the national real economy and the steady growth of syndicated loan business. As at the end of the Reporting Period, the balance of syndicated loans to domestic institutions amounted to RMB348,936 million, representing an increase of 9.40% as compared with the end of the previous year. At the same time, the Bank actively implemented new regulatory policies, and fully advanced the pilot business of loans for stock repurchase and shareholding increase as well as M&A loans for sci-tech enterprises, which supported the development of capital markets and sci-tech innovation.

The Bank continued to develop distinctive advantages in payroll agency business with significant improvements in overall effectiveness. Taking payroll agency as a strategic business, the Bank strove to expand the coverage of payroll agency business among corporate clients. The Bank optimised the products such as "Payroll Agency (代發薪)" and "E-Minsheng Family", and launched payroll-linked loans for MSMEs, which delivered significant overall effectiveness. During the Reporting Period, total payroll agency business amounted to RMB187,367 million, representing an increase of RMB20,479 million, or 12.27%, as compared with the corresponding period of the previous year.

(4) Risk management

The Bank's corporate banking segment consistently upheld the risk preferences of "seeking progress in stability, optimising structure, improving quality and efficiency," ensured an effective rebalancing between business development and risk prevention and control, comprehensively strengthened the building of the "first line of defense" mechanism, and continued to enhance the capability of risk management in supporting and safeguarding business development. The Bank effectively optimised the allocation of risky assets, and adhered to the coordinated and unified development of scale, structure, quality, efficiency, and safety. It promoted the internalisation of external regulations, resolutely conducted businesses in compliance with regulatory frameworks, strictly complied with compliance regulations, effectively prevented and controlled compliance risks, strengthened compliance inspections and management, and smoothed up key links of risk management including problem rectifications and ability improvements, thereby achieving a virtuous cycle.

2. Retail banking business

(1) Strategic measures

The Bank insisted on taking retail business as a long-term and fundamental strategic business, deepened integrated and coordinated management, pushed forward the integrated development of high-quality customer groups and continuously enhanced the refined management capability of retail business. The Bank continued to improve the segmented customer group management system, upgraded the product and service system, strengthened digital management and delivered ultimate customer experience, in a bid to consistently enhance the competitive advantages of retail business in the market.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, total retail AUM of the Bank amounted to RMB3,153,976 million, representing an increase of RMB207,729 million, or 7.05%, as compared with the end of the previous year. Of which, the financial assets of customers holding gold and higher-level cards amounted to RMB2,704,138 million, representing an increase of RMB185,219 million, or 7.35%, as compared with the end of the previous year, and accounted for 85.74% of total retail AUM of the Bank. Total assets of private banking customers amounted to RMB968,044 million, representing an increase of RMB102,075 million, or 11.79%, as compared with the end of the previous year. Retail savings deposits amounted to RMB1,354,415 million, representing an increase of RMB78,475 million, or 6.15%, as compared with the end of the previous year.

As at the end of the Reporting Period, total retail loans (including credit card overdraft business) of the Bank amounted to RMB1,723,278 million, representing a decrease of RMB27,483 million, or 1.57%, as compared with the end of the previous year. Of which, credit card overdrafts amounted to RMB449,902 million, representing a decrease of RMB27,345 million as compared with the end of the previous year. The balance of mortgage loans amounted to RMB577,158 million, representing an increase of RMB20,297 million as compared with the end of the previous year.

(2) Customer groups

As at the end of the Reporting Period, the number of retail customers of the Bank was 139,520.8 thousand, representing an increase of 3.89% as compared with the end of the previous year. The number of private banking customers was 70,074, representing an increase of 7,971, or 12.84%, as compared with the end of the previous year. The number of VIP customers was 4,687.4 thousand, representing an increase of 230.2 thousand, or 5.16% as compared with the end of the previous year.

During the Reporting Period, the Bank continuously promoted the development of the layered and segmented customer group management system. The Bank deepened the centralised management model for the basic customer group, upgraded the standardised management system, and comprehensively implemented digital management and operation. It carried out refined management of key segmented customer groups such as payroll agency, the elderly, small business, Sam's Club customer group, mortgage, and debit and credit cards. With standardised services and professional allocation as the core, the Bank continued to enhance the investment experience of the wealth management customer group. With the service model of private banking centres as the foundation, the Bank provided personalised services for the private banking customer group. At the same time, the Bank strove to improve digital operation and management capabilities, advanced the development and application of a comprehensive management platform for the individual customer group, and has built a closed-loop marketing management system around key elements.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Bank has built a high-quality customer acquisition system, and continuously consolidated the foundation of the retail customer group. Firstly, it placed equal emphasis on developing corporate clients and retaining individual customers of payroll agency business, and promoted the refined development of payroll agency business in four areas including mechanism efficiency enhancement, name list utilisation, product upgrading, and system construction. Secondly, the Bank continued to deepen the integrated business development of credit card and debit card and has established a long-term and stable customer acquisition mechanism with Sam's Club to attract high-quality wealth management customer group and build a comprehensive management system for the Sam's Club customer group. Thirdly, the Bank carried out grid-based marketing in an all round manner and joined hands with cooperative partners around the business outlets to co-create ecosystem and enhance service experience. Fourthly, the Bank focused on high-frequency lifestyle scenarios of customers to build new engines for the development and management of the UnionPay ecosystem, and to expand customer acquisition scenarios within segmented sectors to further improve customer acquisition efficiency.

The Bank empowered professional services through digitalisation and enhanced the management performance of the wealth management customer group. Firstly, the Bank fully deepened the wealth strategy system construction, and customised differentiated marketing strategies for different distinctive customer groups based on in-depth analysis of customer needs and the characteristics of product sales cycles. By integrating professional asset allocation tools such as the smart wealth management assistant, the return centre, and the wealth radar, the Bank drove breakthroughs in service efficiency and marketing precision. Secondly, while meeting the diverse wealth management needs of customers, the Bank gained deep insights into the comprehensive demands of their families and enterprises, and fostered coordinated and in-depth management across business lines, thereby enhancing customer stickiness and value contribution. The management performance of the wealth management customer group continued to improve. During the Reporting Period, the number of upgraded private banking customers increased by 15.52% as compared with the corresponding period of the previous year.

The Bank upgraded the digital and intelligent management system to enhance customer group development and management efficiency. Firstly, the Bank developed a comprehensive management platform for the individual customer group, and comprehensively enabled the quality and efficiency enhancement in customer group management through unified insight and analysis, precise business opportunity input, smart marketing planning, omni-channel reach and coordination, and automated monitoring iteration. Secondly, the Bank improved the event quality and effectiveness. It focused on increasing the efficiency of non-financial events at business outlets, expanded the scope of the member get member (MGM) programme, created ecosystem-based customer acquisition tools, and strengthened coordination across ecosystem-based customer acquisition activities to continuously drive high-quality acquisition, activation, upgrade, and retention of customers. Thirdly, the Bank upgraded the sales analysis platform to improve customer reach efficiency and increase the number of effectively managed customers served by frontline teams.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Businesses and products

The Bank strove to enhance the market competitiveness of retail products and services, and consistently provided warm and high-quality financial services to customers. The Bank continuously upgraded the shelves of steady wealth management products, strengthened external cooperation and full-process digitalisation, and deepened ecosystem development to comprehensively enhance customer service capabilities.

The Bank continued to focus on customer investment needs and deepened the steady wealth management system. Firstly, in terms of wealth management business, the Bank concentrated on key product series such as the “Assured Wealth Management (安心理財)” and the “Sound Selection (穩健優選)” to meet customers’ investment needs for steadiness. The scale of wealth management business increased by RMB54,555 million, or 5.87%, as compared with the end of the previous year. Secondly, in terms of fund business, the Bank took the “Fixed Income + (固收+)” strategy as the core, and focused on the “Minsheng Bedrock (民生磐石)” series to meet customers’ diversified portfolio allocation needs. Thirdly, in terms of insurance business, the Bank continued to enrich and improve the shelf for distinctive ageing finance products, and accelerated the development of commercial pension business to serve customers’ elderly care needs. Fourthly, in terms of private equity business, the Bank maintained a focus on leading institutions, and selected outstanding products to meet customers’ personalised investment needs. During the Reporting Period, the sales of private equity products tripled as compared with the corresponding period of the previous year. Fifthly, in terms of family trust business, the Bank continued to upgrade its business system to address customers’ family wealth planning needs, with the scale of business maintaining rapid growth. During the Reporting Period, newly increased scale of trust business amounted to RMB7,943 million, representing an increase of 34.97% as compared with the corresponding period of the previous year.

The Bank focused on key areas to deepen cooperation with leading enterprises and advanced the integrated operation of consumer credit business. Firstly, concentrating on core cities and key regions, the Bank continuously deepened and expanded the head office-to-head office strategic cooperation with leading real estate enterprises to effectively drive the growth of high-quality first-hand housing mortgage loan business. Through product innovation and strengthened channel management, the proportion of quality second-hand housing intermediary agencies continued to increase. During the Reporting Period, the Bank issued a total of RMB62,938 million mortgage loans, representing an increase of 53.55% as compared with the corresponding period of the previous year. Of which, second-hand housing mortgage loans amounted to RMB33,031 million, representing an increase of 74.43% as compared with the corresponding period of the previous year. Secondly, the Bank adhered to the product allocation positioning of “Minsheng Easy Loan (民易貸)”, a personal unsecured consumer loan product, and the penetration and coverage rates of this product among existing high-quality customers steadily improved. As at the end of the Reporting Period, the balance of “Minsheng Easy Loan” reached RMB56,944 million, representing an increase of RMB1,058 million, or 1.89%, as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Bank strengthened ecosystem development and payment system, and improved the framework of credit card product benefits. Firstly, the Bank enriched its differentiated product system. It launched the Minsheng-Umetrip and the Minsheng-Singapore Airlines co-branded credit cards to provide frequent business travelers with diversified benefits and global payment services. It issued the Minsheng Enjoyment – Fortune and Longevity Credit Card (民生悦享福壽信用卡) to offer high-quality, convenient, and elderly-friendly benefits. It also upgraded overseas consumption benefits to provide cardholders of cross-border consumption with secure payment services covering both domestic and overseas scenarios. Secondly, the Bank advanced the development of smart service channels. It has built a service system integrating “smart customer service + video customer service + corporate Weixin account”, thereby achieving efficient connection between smart customer service and mobile channels. Thirdly, the Bank continued to deepen the development of payment ecosystems. Partnering with leading chain brands, the Bank offered lifestyle service discounts. Targeting merchants near its business outlets, it provided comprehensive operation plans for merchant businesses, thereby building payment ecosystem around business outlets. During the Reporting Period, the transaction volume of credit card electronic payment reached RMB311,787 million, representing a decrease of 7.08% as compared with the corresponding period of the previous year. The number of transactions was 748 million, representing an increase of 10.57% as compared with the corresponding period of the previous year.

Physical distribution channels. The Bank has established an efficient domestic distribution network that covered all provinces in the Chinese mainland with a focus on the Yangtze River Delta, the Pearl River Delta, the Bohai Economic Rim and other regions. As at the end of the Reporting Period, the sales network of the Bank covered 139 cities in the Chinese mainland, including 146 branch-level institutions (including 41 tier-1 branches (excluding the Hong Kong Branch and the London Branch) and 105 tier-2 branches (including remote sub-branches)) and 2,416 business outlets of sub-branches, including 1,254 general sub-branches (including business departments), 1,020 community sub-branches, and 142 small business sub-branches.

Feature 2: Launching the Beijing-Tianjin-Hebei Card Through Regional Coordination, Innovatively Realising Consumer Service Integration

On 6 June 2025, the Bank launched the Beijing-Tianjin-Hebei Card with the mission of “benefiting, facilitating, and serving the people”. Deeply aligned with China UnionPay’s concept of “Payments Without Boundaries, Innovation Without Limits”, and leveraging the development momentum of the Beijing-Tianjin-Hebei metropolitan area, the Bank effectively integrated UnionPay resources across the three regions, as well as both financial and non-financial benefits, to create an innovative and diversified customer benefits system. Targeting users’ needs within the regions for financial business handling and high-frequency lifestyle scenarios such as medical care, food, housing, travel, culture, entertainment, and shopping, the Bank introduced distinctive services in six aspects including system interconnectivity, coupon interoperability, merchant reciprocity, event integration, business recognition, and benefit sharing under the framework of Beijing-Tianjin-Hebei integration, so as to provide customers with richer, more convenient, and fully integrated services. By closely linking lifestyle scenarios such as shopping and travel with financial tools, and supplementing them with benefit subsidies, the Bank vividly practised its customer-centric service philosophy. The Beijing-Tianjin-Hebei Card is the first cross-regional co-branded card jointly issued by China UnionPay and the Bank as a commercial bank, marking another significant progress in the joint efforts to promote regional payment interconnectivity and to build a convenient and beneficial financial service ecosystem.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(4) Risk management

The Bank continued to comprehensively upgrade the digital and intelligent risk control system for consumer credit. Firstly, the Bank optimised pre-lending access strategies for mortgage loan customers. By iterating the mortgage loan application scoring model and developing portfolio strategy, the Bank improved its strategy framework for automated and differentiated mortgage loan approvals, and enhanced the accuracy of mortgage loan customer risk identification. Secondly, the Bank completed the establishment of the proactive credit granting system of “Minsheng Easy Loan”. It fully optimised the integrated online-offline decision-making framework, implemented differentiated pricing, and strengthened risk management and control, thus effectively improving refined customer segmentation and identification capabilities. Thirdly, the Bank developed an anti-fraud system for consumer credit. Focusing on the four major business categories including “housing loans, auto loans, unsecured loans, and secured loans”, the Bank adopted a multi-modal interactive strategy to prevent and control both first-party and third-party fraud, and precisely blocked fraudulent transactions.

3. Treasury business

(1) Strategic measures

The Bank has consistently adhered to the core philosophy of “customer-centric” and closely focused on the strategic deployment, aiming to promote the high-quality development of various financial markets businesses. Firstly, the Bank continuously deepened the comprehensive management of financial institution customers, focused on “strengthening customer group management, optimising structure, controlling risks, and driving revenue growth”, and comprehensively implemented the integrated marketing coordination, so as to promote the steady development of financial institutions business. Secondly, the Bank upheld the philosophy of long-termism, continued to enhance its investment research capabilities, actively grasped market opportunities, and adhered to the two-wheel driving strategy of “investment trading + product marketing” to foster the high-quality development of financial markets business. Thirdly, the Bank steadily advanced the reshaping strategy for custody services, focused on core customer groups and distinctive brand businesses, promoted the co-creation and integration of business and technology, comprehensively enhanced operation, duty performance and service capabilities, and strengthened risk, compliance and internal control management, so as to build a distinctive custody bank of the industry.

(2) Customer groups

The Bank earnestly implemented the philosophy of “comprehensive management of strategic financial institution customers”, strengthened refined management, enhanced digital risk control and sci-tech empowerment, and worked to improve comprehensive service capabilities. Firstly, the Bank intensified the layered and classified management of the financial institution customer group, defined strategies for the operation of segmented industries and continuation of key products, and enhanced the comprehensive value contribution of the financial institution customer group. Secondly, the Bank practised the “One Minsheng” strategy, improved coordination mechanisms, optimised resource integration, promoted the coordination between the financial institution customer group and the corporate banking department, the retail banking department, and the subsidiaries of the Bank, and deepened the integrated management of interbank ecosystem.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Businesses and products

In terms of interbank treasury business, the Bank remained committed to a customer-centric and market-oriented approach, focused on “structure adjustment and cost control” of interbank liabilities, and realised steady operation of assets and liabilities. Firstly, the Bank strengthened liability cost management, expanded low-cost interbank demand deposits, and facilitated the decrease in interbank liability costs. Secondly, the Bank optimised the structure of interbank liabilities, promoted the coordinated development of quantity and price, and enhanced the stability of interbank liabilities. Thirdly, the Bank effectively seized market opportunities to arrange asset placement in a reasonable manner.

In terms of fixed-income business, on the one hand, the Bank enhanced forward-looking market research and judgment as well as strategy execution, and supported the expansion of bond financing for market entities while proactively grasping trading opportunities, dynamically optimising investment structure, and focusing on improving portfolio yield and risk control capabilities. On the other hand, the Bank continued to advance the digital and intelligent development of its financial markets business, and launched and put into operation an intelligent investment analysis platform to empower the high-quality development of fixed income business. As at the end of the Reporting Period, total bond assets of the Bank amounted to RMB1.99 trillion, of which, the bond assets denominated in RMB amounted to RMB1.86 trillion and those in foreign currencies amounted to USD18,554 million.

In terms of foreign exchange business, the Bank adhered to the origin of serving the real economy, and further advocated the philosophy of exchange rate risk neutrality. It focused on the evolving risk hedging needs of customers and the service pain points of MSMEs. By continuing to advance in derivative process restructuring, sci-tech empowerment, and customer group management, the Bank effectively enhanced its capability to support the real economy through foreign exchange agency service. During the Reporting Period, the Bank ranked among the top in the comprehensive ranking of market-makers in the interbank foreign exchange market.

In terms of precious metals business, the Bank continued to build the brand of “Minsheng Gold (民生金)”. On the retail side, the Bank applied digital approaches to promote product upgrading and channel innovation, bringing higher-quality service experience for individual customers. On the corporate side, to satisfy customer demands, the Bank provided corporate clients with gold leasing, price risk hedging, and agency sales of precious metals products to effectively support the development of the real economy. In the meantime, the Bank proactively fulfilled its responsibilities as a market-maker in gold futures contracts of the Shanghai Gold Exchange and the Shanghai Futures Exchange. During the Reporting Period, the trading volume of gold increased steadily as compared with the corresponding period of the previous year. The Bank ranked among the top in the ranking of market-makers in the Shanghai Gold Exchange and the Shanghai Futures Exchange.

In terms of asset custody business, the Bank remained focused on its vision of building a distinctive custody bank of the industry, and strengthened process-based and refined management of the custody business to consistently seek efficiency through management. During the Reporting Period, the coordinated

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

business management mechanism within the Group was continuously enhanced, and sci-tech empowerment was leveraged to comprehensively improve the quality and efficiency of operation, duty performance and services. The Bank continued to enrich its custody service system of “i+ (小i+)”, and successively launched distinctive Minsheng custody services for custody customers, including the “Fund Account Opening Express (開基通)”, the “E-Account Cancellation (銷戶 e)”, the “Special Unit Account Opening (SU開戶)”, and the “Supervision Express (慧眼通)” for investment supervision, which steadily enhanced customer service experience. Total assets under custody of the whole bank maintained steady growth. As at the end of the Reporting Period, total assets under the custody of the Bank amounted to RMB12.66 trillion, representing an increase of 3.26% as compared with the end of the previous year.

In terms of pension business, the Bank closely aligned with the national strategic deployments of pension finance and the ageing finance development strategy of the whole bank, driving both the expansion and quality enhancement of its annuity services. Adhering to the customer-centric philosophy, it continuously strengthened its duty performance and service capabilities. On the one hand, it ensured the conversion of targeted key customer groups; on the other hand, it focused on maintaining existing customers while expanding value-added services, so as to support the vigorous development of ageing finance across the whole bank.

(4) Risk management

The Bank continuously optimised the centralised and unified management model of credit granting to financial institution customers, and reinforced risk prevention responsibilities of the first line of defense. During the Reporting Period, the Bank further optimised the mechanisms for the management of credit granting to financial institution customers and the post-lending and post-investment management, and strengthened the primary accountability for the operation of credit granting to financial institution customers and the post-lending and post-investment management. The Bank enhanced the quality and effectiveness of the unified management of credit granting to the financial institution customers and the post-lending and post-investment management by focusing on such areas as strengthening policy-making, optimising management mechanisms, holding on to critical links and enhancing duty performance capabilities, thus realising effective risk control and promoting continuous and healthy development of financial institutions business.

According to the risk preferences and business plans of the Board of Directors, the Bank set annual market risk limits and business authorisations, strengthened the management of interest rate, exchange rate and commodity risk, and improved the risk monitoring and reporting mechanisms. Comprehensively considering the macro-economy, credit policies, and the credit status of entities, the Bank optimised the approval process, and enhanced its capabilities in the risk evaluation and early-warning of unsecured bond issuers. The Bank strengthened the re-inspections of assets concerning key regions, industries and enterprises, strictly controlled credit risk, and perfected the unified bond management system. Meanwhile, following the principle of being prudent and steady, the Bank balanced the risks and returns of bond investments, optimised bond portfolios denominated in RMB and foreign currencies, and ensured reasonable proportions of high-liquidity assets such as government bonds and policy financial bonds. During the Reporting Period, the credit qualifications of the proprietary bond investments remained excellent.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Business of branches outside the Chinese mainland

(1) Hong Kong Branch

Under the coordination mechanism of “One Minsheng”, the Hong Kong Branch fully leveraged its role as a platform for business outside the Chinese mainland, continuously enhanced cross-border synergy and coordination, carried out in-depth management of the strategic customer group of the Head Office and the branches, resolutely developed distinctive businesses, focused on building differentiated competitive advantages, and enhanced capabilities in providing comprehensive cross-border financial services in an all-around manner. As at the end of the Reporting Period, total assets of the Hong Kong Branch amounted to HKD236,933 million, representing an increase of 11.83% as compared with the end of the previous year. Of which, total loans and advances to customers amounted to HKD128,482 million, representing an increase of 10.18% as compared with the end of the previous year, and accounted for 54.23% of total assets. Total deposits from customers amounted to HKD182,605 million, representing an increase of 14.81% as compared with the end of the previous year. During the Reporting Period, the net income amounted to HKD1,648 million, representing an increase of 22.62% as compared with the corresponding period of the previous year.

The Hong Kong Branch focused on high-quality customer groups and promoted scale growth. As at the end of the Reporting Period, total credit assets of corporate strategic clients amounted to HKD70,530 million, representing an increase of 11.66% as compared with the end of the previous year. Focusing on strategic clients, the Branch strengthened cross-border coordination, and newly opened 121 accounts through cross-border coordination, representing an increase of 92.06% as compared with the corresponding period of the previous year. The AUM of the private banking and wealth management customer groups amounted to HKD42,018 million, representing an increase of 23.48% as compared with the end of the previous year. The Hong Kong Branch has developed distinctive businesses and built core advantages. During the Reporting Period, the agency transaction volume of foreign exchange and derivatives reached USD11,816 million, representing an increase of 74.25% as compared with the corresponding period of the previous year. The Branch strove to build the private banking and wealth management platform, and maintained a leading position in overseas insurance and Cross-Border Wealth Management Connect (跨境理財通) business among comparable Chinese joint-stock banks in the Hong Kong SAR. As at the end of the Reporting Period, the size of assets of businesses linked to green and sustainable development amounted to HKD21,758 million, representing an increase of 8.01% as compared with the end of the previous year. The Hong Kong Branch strengthened risk management and operated in a compliant and steady manner. The Branch comprehensively deepened the philosophy of compliant operation, continued to improve the overall risk management system, insisted on paying equal attention to business development and risk constraint, continuously optimised and adjusted credit asset portfolio, and strengthened the management of customer concentration and industry limit. In addition, it proactively responded to changes in the financial markets, adopted a forward-looking liquidity risk management strategy, and continued to optimise the type, maturity term and currency structure of liabilities to effectively reduce the concentration of liability sources. During the Reporting Period, the Hong Kong Branch kept all liquidity indicators at a sound and steady level.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(2) London Branch

During the Reporting Period, the London Branch continued to focus on the three key positionings of serving as an international platform for Chinese enterprises to go out, an overseas window to broaden global perspectives, and a platform to cultivate talents with international mindsets, with its overall operation being improved in stability. As at the end of the Reporting Period, total assets of the Branch amounted to USD327 million. During the Reporting Period, the Branch recorded a net interest income of USD3,318.7 thousand, the fee income amounted to USD154.1 thousand, and the new loans amounted to USD155 million.

The London Branch leveraged its advantages in platform positioning to coordinate the cross-border business development of the whole bank. Based on the Bank's strategic client list, the Branch identified key directions for cross-border customer group development, and targeted the overseas branches, subsidiaries, and affiliates of the Bank's strategic clients for account-by-account development. It executed the first three-party collaboration business involving "Branch in the Chinese mainland – Free Trade Zone Platform – London Branch", which established a complete chain of cross-border financial services and gave full play to the coordinated advantages of "One Minsheng". Located in a global financial centre, the Branch has built a financial markets platform. It utilised its time zone advantage to handle the Bank's night trading desk, which enhanced trading and quotation capabilities of the Bank during non-Asian hours, and further met the foreign exchange needs of both onshore and offshore corporate clients. Leveraging the geographic advantages of its financial centre location, the Branch flexibly utilised various money market instruments to secure funding, optimised liability structure and reduced liability cost. The Branch continued to strengthen the monitoring and control in key risk areas. Building on the Bank's overall risk management framework and the effective coordination of the "three lines of defense", the London Branch continuously refined its risk governance structure and further strengthened dynamic monitoring. At the same time, it conducted detailed assessments of country risk and industry conditions in light of changes in the international environment, effectively achieving a dynamic balance between risk management and business development.

5. Major equity investments and management of consolidated financial statements

As at the end of the Reporting Period, the Bank had long-term equity investments of RMB13,246 million. For details, please refer to the notes to the financial statements.

(1) Minsheng Financial Leasing

Minsheng Financial Leasing, one of the first five financial leasing companies with banking background approved by the former CBRC, was established in April 2008 with a registered capital of RMB5,095 million. 54.96% of equity interest of Minsheng Financial Leasing was held by the Bank. The main business scope of Minsheng Financial Leasing includes financing of vehicles, vessels, commercial aircraft, business jets and large equipment, and inclusive leasing of equipment.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, Minsheng Financial Leasing proactively responded to changes in the internal and external business environments, remained steadfast in its strategic orientation and the business positioning of “stay true in doing leasing business”, earnestly implemented the work deployments on the “five major sectors” of finance, sped up reform and transformation, worked hard to stabilise scale and increase revenue, and strove to enhance risk control capabilities. As a result, key operation and management indicators maintained the trend of steady development. As at the end of the Reporting Period, total assets of Minsheng Financial Leasing amounted to RMB176,907 million, and its net assets amounted to RMB24,322 million. During the Reporting Period, the operating income amounted to RMB3,017 million, and the disbursement of leasing business amounted to RMB29,354 million.

During the Reporting Period, Minsheng Financial Leasing won the China Maritime Finance Qianxing Award — “Special Contribution Award” (中國海事金融牽星獎——“特殊貢獻獎”) at the 5th China (Dongjiang) Shipping Industry Week & the 9th China Maritime Finance (Dongjiang) International Forum (第五屆中國(東疆)航運產業周暨第九屆中國海事金融(東疆)國際論壇).

(2) Minsheng Royal Fund

Minsheng Royal Fund is a sino-foreign fund management joint venture established in November 2008 under the approval of the CSRC, with a registered capital of RMB300 million. 63.33% of equity interest of Minsheng Royal Fund was held by the Bank. Minsheng Royal Fund mainly engages in fund management, fund sales, specific customer asset management and other businesses approved by the CSRC.

Minsheng Royal Fund remained high-quality development-oriented, continued to entrench its strength in investment research, optimised and improved product layout, developed product matrix with distinctive risk return characteristics, elevated professional competence and service quality and efficiency, and strove to provide a sound holding experience for investors. The performance of mid- to long-term investments of Minsheng Royal Fund was outstanding. It has won the Golden Bull Awards (金牛獎) for 24 times in total, and has been fully recognised by investors and the industry. As at the end of the Reporting Period, Minsheng Royal Fund had total assets of RMB2,486 million. Its net assets amounted to RMB1,959 million. The AUM of Minsheng Royal Fund amounted to RMB213,988 million, representing an increase of 15.31% as compared with the end of the previous year.

(3) CMBC International

CMBC International is a wholly-owned subsidiary of the Bank established on 11 February 2015 in Hong Kong under the approval of the former CBRC, with a registered capital of HKD4,207 million. The principal business of CMBC International includes sponsorship of listing in Hong Kong, financial advisory, underwriting and issuance of bonds, asset management and wealth management, stock brokerage, direct investment and structured financing. CMBC International is an important strategic platform for the comprehensive development and international expansion of the Bank.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

CMBC International followed the “One Minsheng” strategy, fully leveraged its international advantage and the service functions of a full-license investment bank in Hong Kong, made every effort to advance cross-border business synergy and linkage, comprehensively served the diversified financial service demands of Minsheng Bank Group and its customer groups, and worked to develop a light asset-oriented investment bank. As at the end of the Reporting Period, CMBC International achieved evident results in the sponsorship of listing, and took the leading position in bonds underwriting. During the Reporting Period, CMBC International maintained its position of the first echelon in terms of the number of bonds underwriting, gained sound achievements in asset management business, and made investment-grade breakthrough in credit rating. For the first time, Fitch assigned CMBC International a long-term issuer rating of “BBB-” (investment-grade), with “stable” outlook. As at the end of the Reporting Period, CMBC International had total assets and total liabilities of HKD23,570 million and HKD20,087 million, respectively. Its net assets amounted to HKD3,483 million, and total equity attributable to holders of equity shares of the Bank amounted to HKD2,846 million.

(4) Minsheng rural banks

Minsheng rural banks represent the rural banks with the Bank as the main initiator. As at the end of the Reporting Period, the Bank had 29 rural banks with 80 business outlets. Total assets of rural banks amounted to RMB42,010 million, representing a decrease of RMB318 million as compared with the end of the previous year. The balance of all deposits amounted to RMB36,231 million, representing a decrease of RMB184 million as compared with the end of the previous year. The balance of all loans amounted to RMB25,496 million, representing a decrease of RMB193 million as compared with the end of the previous year.

During the Reporting Period, the Bank proactively responded to the policy requirements of the NFRA, earnestly fulfilled its responsibility as the initiating bank, continued to propel rural banks to adhere to the positioning of supporting agriculture, rural areas and farmers, and small business, solidly served rural revitalisation and inclusive finance, proactively fulfilled social responsibility, took effective measures to guard against risks, continued to consolidate asset quality, improved the risk offsetting capability, and actively and steadily advanced quantity reduction and quality improvement tasks, maintaining the sound and steady operation of rural banks on the whole.

(5) CMBC Wealth Management

CMBC Wealth Management is a wealth management company established on 24 June 2022 under the approval of the former CBIRC. With a registered capital of RMB5 billion, CMBC Wealth Management is a wholly-owned subsidiary of the Bank. Its main businesses include issuance and investment management of publicly offered wealth management products, issuance and investment management of private equity wealth management products, wealth management advisory and consultancy services, and other businesses approved by the former CBIRC.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, CMBC Wealth Management proactively implemented the national policy orientation and served the high-quality development of the Group. Taking serving the real economy as the fundamental purpose, CMBC Wealth Management supported the development of the real economy through investment in assets including bonds, non-standard debt instruments and non-listing equity. CMBC Wealth Management remained customer-centric and provided services for customers in a dedicated, professional and devoted manner. CMBC Wealth Management enriched investment strategies, increased product yield, and controlled net value fluctuations. It innovated product offerings and enhanced the efficiency of fund arrival. CMBC Wealth Management accelerated the development of agency sales channels to make low-volatility and steady wealth management products benefit more investors. During the Reporting Period, 20 agency sales institutions were added. As at the end of the Reporting Period, the agency sales volume of products of CMBC Wealth Management by financial institutions other than the parent bank increased by 46.37% as compared with the end of the previous year, and the number of wealth management customers increased by 20.78% as compared with the end of the previous year. CMBC Wealth Management cultivated investors' long-term investment concept, and vigorously advanced the layout of mid- to long-term products. As at the end of the Reporting Period, the scale of products with a term of one year and above grew by 32.07% as compared with the end of the previous year, and the proportion increased by 2.54 percentage points. CMBC Wealth Management supported the national development strategy for key regions, responded to the policy call of regulators for advancing the entrance of mid- to long-term funds, released provincial characteristic indicator series, and filled the market gaps. The first batch of indicators covered three major economically strong provinces, including Guangdong, Zhejiang and Jiangsu, offering more precise regional economic investment tools to investors.

As at the end of the Reporting Period, total assets of CMBC Wealth Management amounted to RMB9,078 million, and the net assets amounted to RMB8,740 million. During the Reporting Period, the net profits of CMBC Wealth Management amounted to RMB531 million. As at the end of the Reporting Period, the scale of wealth management products amounted to RMB1,138,084 million, representing an increase of 12.05% as compared with the end of the previous year.

(6) Consolidated structured entities

The structured entities which the Group issued, managed and invested in mainly consisted of wealth management products, asset-backed securities, funds, trust plans and asset management plans, of which, the asset size of consolidated structured entities of the Group was RMB85,990 million as at the end of the Reporting Period. For details, please refer to Note 7 "Interests in Structured Entities" to the Financial Statements.

(7) Consolidated management

During the Reporting Period, the Bank advanced consolidated management of the Group in strict accordance with the Guidelines on Consolidated Management and Regulation of Commercial Banks 《商業銀行併表管理與監管指引》, continued to enhance the development philosophy of "One Minsheng", optimised and improved the management mode of subsidiaries, and comprehensively strengthened the professional management of subsidiaries, ensuring that the overall development of the Group was stable, with risks

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

generally under control. Firstly, the Bank compiled the 2024 report on consolidated management of the Group, formulated the 2025 work plan for consolidated management of the Group in accordance with regulatory requirements, improved the consolidated assessment indicator system, and advanced various consolidated management tasks in an orderly manner. Secondly, the Bank enhanced consolidated risk management, improved various institutional systems, established policies and quality control objectives related to risk management in a scientific and reasonable manner, enhanced risk information sharing and exchange, and continued to improve risk management levels. Thirdly, the Bank optimised the annual operational indicator system and the synergy mechanism of subsidiaries, and promoted the coordinated development of institutions within the Group. Fourthly, the Bank propelled the subsidiaries to optimise corporate governance structure and enhance duty performance management to elevate corporate governance efficiency. Fifthly, the Bank continued to advance the upgrading and reform of the consolidated management system of the Group, and gave full play to the supporting role of the sci-tech system in consolidated management.

III. Conditions of the Industry

In the first half of 2025, China's economy showed a positive trend, with solid progress in high-quality development, but the economic development still faced certain challenges. Internationally, the global economic growth momentum weakened, trade barriers increased, and the economic performances of major economies diverged. The inflation trend and monetary policy adjustments remained uncertain. Under the disturbance of the US tariff policy, global trade and investment growth were constrained, and the financial market volatility intensified. Domestically, the economy achieved a good start and the social confidence continued to rise. However, there still remained difficulties and challenges such as insufficient domestic demand, low prices, and risks and hidden dangers, making it necessary to strengthen counter-cyclical regulation to promote the sustained economic recovery and improvement.

In view of potential tariff shocks, China has intensified macro-control efforts and implemented a package of financial policies to stabilise the market and the expectations, so as to respond to the uncertainties of external environment with the certainty of high-quality development. China has implemented more proactive fiscal policies, increased the overall deficit size and front-loaded the issuance of government bonds to support domestic demand expansion, capital replenishment and credit supply, so as to provide strong support for social financing. China kept the moderately loose monetary policy forward-looking and effective with greater specificity, and took comprehensive measures such as reserve requirement ratio cuts, interest rate cuts, and structural tools to reduce price and expand quantity, in order to maintain abundant liquidity and lower financing costs for entities. China also provided more precise support to areas such as consumption, sci-tech innovation, capital markets, micro and small NSOEs, as well as foreign trade, and flexibly controlled the intensity and timing of policy implementation. China continuously strengthened the implementation and supervision of interest rate policies, promoted the coordination and linkage between deposit and loan interest rates to further smooth interest rate transmission from short- to long-term. China has enhanced the resilience of foreign exchange market, stabilised market expectations, prevented excessive exchange rate adjustments risks, and maintained the basic stability of RMB exchange rate at a reasonable and balanced level.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the banking industry closely followed the policies of the CPC Central Committee and the State, and continued to support the high-quality development of the real economy. Efforts were made to better support the “five major sectors”, and to intensify support for major strategies, key fields and weak links. In the first half of the year, the credit scale reasonably increased, the credit structure was continuously optimised, the bond financing was strongly supported, and the development of direct financing was promoted. Under the conditions of reduced nominal interest rates of deposits and enhanced self-discipline and control of banks, the banking industry effectively reduced costs and optimised liability structure. After the repricing effect appeared in the first quarter, and as the liability cost management continued to pay off and the credit demand of entities gradually recovered, the net interest margin of commercial banks tended to be stable. The rapid replacement of local government debts and the continued effect of real estate stabilisation policies have benefited the improvement of asset quality of banks. The capital replenishment of large banks was implemented rapidly, while operating income and profit were kept generally stable. Fintech empowered the financial service ecosystem, improving the quality and efficiency of serving the real economy in an all-round manner and throughout the cycle, and enhancing the cross-business and cross-industry capabilities.

IV. Analysis of Major Items of Statement of Profit or Loss

(I) Changes in major items of statement of profit or loss

During the Reporting Period, the Group recorded a net profit attributable to holders of equity shares of the Bank of RMB21,380 million, representing a decrease of RMB1,094 million, or 4.87%, as compared with the corresponding period of the previous year.

Item (RMB million)	January to June 2025	January to June 2024	Change (%)
Operating income	70,701	65,589	7.79
Of which: Net interest income	49,203	48,582	1.28
Net non-interest income	21,498	17,007	26.41
Operating expenses	21,522	21,453	0.32
Impairment losses on credit	26,039	20,551	26.70
Impairment losses on other assets	346	109	217.43
Profit before income tax	22,794	23,476	-2.91
Less: Income tax expenses	1,318	767	71.84
Net profit	21,476	22,709	-5.43
Of which: Net profit attributable to holders of equity shares of the Bank	21,380	22,474	-4.87
Profit or loss attributable to non-controlling interests	96	235	-59.15

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Operating income

During the Reporting Period, the operating income of the Group amounted to RMB70,701 million, representing an increase of RMB5,112 million, or 7.79%, as compared with the corresponding period of the previous year. On the one hand, liability cost improvement facilitated the stabilisation of net interest margin, while interest-earning assets grew. The impact of quantity and price factors led to an increase of RMB621 million in net interest income as compared with the corresponding period of the previous year. On the other hand, the growth of basic intermediary business and investment trade, among other factors, drove the increase of RMB4,491 million in net non-interest income as compared with the corresponding period of the previous year.

The amounts, proportions and changes of major items of the Group's operating income are as follows:

Item (RMB million)	January to June 2025		January to June 2024		
	Amount	Proportion (%)	Amount	Proportion (%)	Change (%)
Net interest income	49,203	69.59	48,582	74.07	1.28
Interest income	113,980	161.22	127,963	195.09	-10.93
Of which: Interest income from loans and advances to customers	78,305	110.76	89,312	136.17	-12.32
Interest income from financial investments	27,307	38.62	28,396	43.29	-3.84
Interest income from long-term receivables	2,988	4.23	3,438	5.24	-13.09
Interest income from placements with banks and other financial institutions	2,389	3.38	3,095	4.72	-22.81
Interest income from balances with central bank	1,929	2.73	2,212	3.37	-12.79
Interest income from balances with banks and other financial institutions	750	1.06	792	1.21	-5.30
Interest income from financial assets held under resale agreements	312	0.44	718	1.09	-56.55
Interest expenditure	-64,777	-91.63	-79,381	-121.02	-18.40
Net non-interest income	21,498	30.41	17,007	25.93	26.41
Net fee and commission income	9,685	13.70	9,645	14.71	0.41
Other net non-interest income	11,813	16.71	7,362	11.22	60.46
Total	70,701	100.00	65,589	100.00	7.79

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Net interest income and net interest margin

During the Reporting Period, the net interest income of the Group amounted to RMB49,203 million, representing an increase of RMB621 million, or 1.28%, as compared with the corresponding period of the previous year. The net interest margin of the Group was 1.39%.

Item (RMB million)	January to June 2025			January to June 2024		
	Average balance	Interest income	Average return ratio (%)	Average balance	Interest income	Average return ratio (%)
Interest-earning assets						
Total loans and advances to customers	4,462,070	78,305	3.54	4,409,846	89,312	4.07
By type of loans:						
Of Which: Corporate loans and advances	2,702,375	42,287	3.16	2,650,674	48,531	3.68
Personal loans and advances	1,759,695	36,018	4.13	1,759,172	40,781	4.66
By term of loans:						
Of Which: Short-term loans	1,887,880	33,691	3.60	1,946,600	39,383	4.07
Mid- to long-term loans	2,574,190	44,614	3.49	2,463,246	49,929	4.08
Financial investments	1,996,355	27,307	2.76	1,918,911	28,396	2.98
Balances with central bank	257,261	1,929	1.51	288,440	2,212	1.54
Placements with banks and other financial institutions	156,716	2,389	3.07	185,043	3,095	3.36
Balances with banks and other financial institutions	108,334	750	1.40	83,610	792	1.90
Long-term receivables	107,794	2,988	5.59	115,671	3,438	5.98
Financial assets held under resale agreements	33,917	312	1.86	62,994	718	2.29
Total	7,122,447	113,980	3.23	7,064,515	127,963	3.64

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item (RMB million)	January to June 2025			January to June 2024		
	Average balance	Interest expenses	Average cost ratio (%)	Average balance	Interest expenses	Average cost ratio (%)
Interest-bearing liabilities						
Deposits from customers	4,230,373	39,015	1.86	4,173,941	46,447	2.24
Of which: Corporate deposits	2,900,535	26,584	1.85	2,950,136	32,754	2.23
Demand	975,250	3,009	0.62	951,752	5,542	1.17
Time	1,925,285	23,575	2.47	1,998,384	27,212	2.74
Personal deposits	1,329,838	12,431	1.89	1,223,805	13,693	2.25
Demand	400,751	93	0.05	315,300	340	0.22
Time	929,087	12,338	2.68	908,505	13,353	2.96
Debt securities issued	989,196	10,123	2.06	726,528	9,362	2.59
Deposits from banks and other financial institutions	835,389	7,529	1.82	1,121,880	13,548	2.43
Borrowings from central bank and other financial institutions and others	363,315	4,437	2.46	440,050	6,526	2.98
Financial assets sold under repurchase agreements	273,323	2,584	1.91	132,163	1,542	2.35
Placements from banks and other financial institutions	71,857	1,089	3.06	101,286	1,956	3.88
Total	6,763,453	64,777	1.93	6,695,848	79,381	2.38
Net interest income		49,203			48,582	
Net interest spread			1.30			1.26
Net interest margin			1.39			1.38

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The impacts of changes in scale and in interest rate on interest income and interest expenses of the Group are as follows:

Item (RMB million)	Changes in scale from the corresponding period of the previous year to January to June 2025	Changes in interest rate from the corresponding period of the previous year to January to June 2025	Net increase/decrease
Changes in interest income:			
Total loans and advances to customers	1,058	-12,065	-11,007
Financial investments	1,146	-2,235	-1,089
Balances with central bank	-239	-44	-283
Placements with banks and other financial institutions	-474	-232	-706
Balances with banks and other financial institutions	234	-276	-42
Long-term receivables	-234	-216	-450
Financial assets held under resale agreements	-331	-75	-406
Subtotal	1,160	-15,143	-13,983
Changes in interest expenses:			
Deposits from customers	628	-8,060	-7,432
Debt securities issued	3,385	-2,624	761
Deposits from banks and other financial institutions	-3,460	-2,559	-6,019
Borrowings from central bank and other financial institutions and others	-1,138	-951	-2,089
Financial assets sold under repurchase agreements	1,647	-605	1,042
Placements from banks and other financial institutions	-568	-299	-867
Subtotal	494	-15,098	-14,604
Changes in net interest income	666	-45	621

Note: Change in scale is measured by the change of average balance; change in interest rate is measured by the change of average interest rate.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

1. Interest income

During the Reporting Period, the interest income of the Group amounted to RMB113,980 million, representing a decrease of RMB13,983 million, or 10.93%, as compared with the corresponding period of the previous year.

(1) Interest income from loans and advances to customers

During the Reporting Period, the interest income from loans and advances to customers of the Group amounted to RMB78,305 million, representing a decrease of RMB11,007 million, or 12.32%, as compared with the corresponding period of the previous year, mainly due to the decrease of RMB12,065 million in interest income as compared with the corresponding period of the previous year, as a result of the decrease of 53BP in the average return ratio of loans and advances to customers.

(2) Interest income from financial investments

During the Reporting Period, the interest income from financial investments of the Group amounted to RMB27,307 million, representing a decrease of RMB1,089 million, or 3.84%, as compared with the corresponding period of the previous year.

(3) Interest income from balances and placements with banks and other financial institutions and financial assets held under resale agreements

During the Reporting Period, the interest income from balances and placements with banks and other financial institutions and financial assets held under resale agreements of the Group amounted to RMB3,451 million, representing a decrease of RMB1,154 million, or 25.06%, as compared with the corresponding period of the previous year, mainly due to the combined influence of decreases in the daily average scale and average return ratio.

(4) Interest income from long-term receivables

During the Reporting Period, the interest income from long-term receivables of the Group amounted to RMB2,988 million, representing a decrease of RMB450 million, or 13.09%, as compared with the corresponding period of the previous year.

(5) Interest income from balances with central bank

During the Reporting Period, the interest income from balances with central bank of the Group amounted to RMB1,929 million, representing a decrease of RMB283 million, or 12.79%, as compared with the corresponding period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Interest expenses

During the Reporting Period, the interest expenses of the Group amounted to RMB64,777 million, representing a decrease of RMB14,604 million, or 18.40%, as compared with the corresponding period of the previous year.

(1) Interest expenses on deposits from customers

During the Reporting Period, the interest expenses on deposits from customers of the Group amounted to RMB39,015 million, representing a decrease of RMB7,432 million, or 16.00%, as compared with the corresponding period of the previous year, mainly due to the decrease of RMB8,060 million in interest expenses, as a result of the decrease of 38BP in the average cost ratio of deposits from customers as compared with the corresponding period of the previous year.

(2) Interest expenses on deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements

During the Reporting Period, the interest expenses on deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements of the Group amounted to RMB11,202 million, representing a decrease of RMB5,844 million, or 34.28%, as compared with the corresponding period of the previous year, mainly due to the combined influence of decreases in the daily average scale and average cost ratio.

(3) Interest expenses on debt securities issued

During the Reporting Period, the interest expenses on debt securities issued by the Group amounted to RMB10,123 million, representing an increase of RMB761 million, or 8.13%, as compared with the corresponding period of the previous year.

(4) Interest expenses on borrowings from central bank and other financial institutions and other interest expenses

During the Reporting Period, the interest expenses on borrowings from central bank and other financial institutions and other interest expenses of the Group amounted to RMB4,437 million, representing a decrease of RMB2,089 million, or 32.01%, as compared with the corresponding period of the previous year, mainly due to the combined influence of decreases in the daily average scale and average cost ratio.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Net non-interest income

During the Reporting Period, the net non-interest income of the Group amounted to RMB21,498 million, representing an increase of RMB4,491 million, or 26.41%, as compared with the corresponding period of the previous year.

Item (RMB million)	January to June 2025	January to June 2024	Change (%)
Net fee and commission income	9,685	9,645	0.41
Other net non-interest income	11,813	7,362	60.46
Total	21,498	17,007	26.41

1. Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group was RMB9,685 million, representing an increase of RMB40 million, or 0.41%, as compared with the corresponding period of the previous year.

Item (RMB million)	January to June 2025	January to June 2024	Change (%)
Fee and commission income	11,225	11,458	-2.03
Of which: Bank card services	4,832	5,217	-7.38
Custodian and other fiduciary services	2,025	1,739	16.45
Agency services	1,645	2,299	-28.45
Settlement and clearance services	1,433	1,019	40.63
Credit commitments	556	546	1.83
Others	734	638	15.05
Fee and commission expense	1,540	1,813	-15.06
Net fee and commission income	9,685	9,645	0.41

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Other net non-interest income

During the Reporting Period, the Group realised other net non-interest income of RMB11,813 million, representing an increase of RMB4,451 million, or 60.46%, as compared with the corresponding period of the previous year, mainly because the Bank seized market opportunities to increase bonds and other transactions, and capital market fluctuations led to the increase in gains from changes in fair value as compared with the corresponding period of the previous year.

Item (RMB million)	January to June 2025	January to June 2024	Change (%)
Net trading gain	2,203	4,001	-44.94
Net gain from investment securities	8,883	1,854	379.13
Other net operating income	727	1,507	-51.76
Total	11,813	7,362	60.46

(V) Operating expenses

During the Reporting Period, the operating expenses of the Group amounted to RMB21,522 million, representing an increase of RMB69 million, or 0.32%, as compared with the corresponding period of the previous year.

Item (RMB million)	January to June 2025	January to June 2024	Change (%)
Staff costs (including Directors' emoluments)	12,429	12,243	1.52
Depreciation and amortisation	3,460	3,343	3.50
Tax and surcharges	865	882	-1.93
Short-term lease expenses, low-value lease expenses and property management expenses	472	424	11.32
Business/office expenses and others	4,296	4,561	-5.81
Total	21,522	21,453	0.32

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(VI) Impairment losses on credit

During the Reporting Period, the impairment losses on credit of the Group amounted to RMB26,039 million, representing an increase of RMB5,488 million, or 26.70%, as compared with the corresponding period of the previous year.

Item (RMB million)	January to June 2025	January to June 2024	Change (%)
Loans and advances to customers	23,452	18,123	29.40
Financial assets measured at amortised cost	1,534	1,787	-14.16
Long-term receivables	540	512	5.47
Financial assets at fair value through other comprehensive income	307	-78	Negative for the corresponding period of the previous year
Others	206	207	-0.48
Total	26,039	20,551	26.70

(VII) Income tax expenses

During the Reporting Period, the income tax expenses of the Group amounted to RMB1,318 million, representing an increase of RMB551 million, or 71.84%, as compared with the corresponding period of the previous year, mainly due to the increase in income tax expenses as a result of the decrease in the interest of perpetual bonds paid.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

V. Analysis of Major Items of Statement of Financial Position

(I) Assets

As at the end of the Reporting Period, total assets of the Group amounted to RMB7,768,921 million, representing a decrease of RMB46,048 million, or 0.59%, as compared with the end of the previous year.

Item (RMB million)	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Total loans and advances to customers	4,469,874	57.54	4,450,480	56.95
Add: Accrued interests on loans	39,006	0.50	37,960	0.48
Less: Allowance for impairment losses on loans at amortised cost	95,115	1.22	92,404	1.18
Net loans and advances to customers	4,413,765	56.82	4,396,036	56.25
Net financial investments	2,348,866	30.23	2,398,702	30.69
Cash and balances with central bank	285,183	3.67	285,449	3.65
Balances and placements with banks and other financial institutions and financial assets held under resale agreements	342,615	4.41	381,145	4.88
Long-term receivables	104,677	1.35	112,382	1.44
Property and equipment	57,586	0.74	59,347	0.76
Others	216,229	2.78	181,908	2.33
Total	7,768,921	100.00	7,814,969	100.00

1. Loans and advances to customers

As at the end of the Reporting Period, total loans and advances to customers of the Group amounted to RMB4,469,874 million, representing an increase of RMB19,394 million, or 0.44%, as compared with the end of the previous year, and accounted for 57.54% of total assets, representing an increase of 0.59 percentage points as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Financial investments

As at the end of the Reporting Period, total financial investments of the Group amounted to RMB2,337,388 million, representing a decrease of RMB48,121 million, or 2.02%, as compared with the end of the previous year, and accounted for 30.09% of total assets, representing a decrease of 0.43 percentage points as compared with the end of the previous year.

Item (RMB million)	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Financial assets measured at amortised cost	1,379,578	59.02	1,473,103	61.75
Of which: Bonds	1,338,348	57.26	1,429,395	59.92
Trust and asset management plans	30,051	1.28	32,210	1.35
Other investments	11,179	0.48	11,498	0.48
Financial assets at fair value through profit and loss	375,135	16.05	377,457	15.82
Of which: Bonds	173,813	7.44	176,211	7.39
Trust and asset management plans	20,842	0.89	18,254	0.76
Investment funds	152,757	6.54	161,898	6.79
Equity instruments	22,070	0.94	17,236	0.72
Other investments	5,653	0.24	3,858	0.16
Financial assets at fair value through other comprehensive income	582,675	24.93	534,949	22.43
Of which: Bonds	574,856	24.59	527,437	22.11
Equity instruments	7,819	0.34	7,512	0.32
Total	2,337,388	100.00	2,385,509	100.00

Note: Other investments include debt financing plan and others.

The bonds held by the Group in terms of issuers are as follows:

Item (RMB million)	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Government	1,344,714	64.43	1,361,387	63.82
Policy banks	195,642	9.37	159,395	7.47
Banks and non-banking financial institutions	263,372	12.62	304,640	14.29
Corporates	283,289	13.58	307,621	14.42
Total	2,087,017	100.00	2,133,043	100.00

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Financial bonds held by the Bank were mainly policy financial bonds and financial bonds of commercial banks. The top ten financial bonds in terms of par value are as follows:

Item (RMB million)	Par value	Coupon rate (%)	Maturity	Allowance for impairment losses
2025 financial bonds	12,500	1.10	6 January 2026	0.13
2022 financial bonds	7,740	2.69	16 June 2027	0.98
2024 financial bonds	6,750	2.34	5 January 2027	0.73
2021 financial bonds	6,320	2.83	10 September 2026	1.10
2023 financial bonds	5,950	2.52	25 May 2028	0.77
2021 financial bonds	5,890	3.30	3 March 2026	0.65
2020 financial bonds	5,840	3.34	14 July 2025	0.30
2023 financial bonds	4,950	2.25	6 July 2026	0.83
2024 financial bonds	4,570	2.00	12 April 2027	0.59
2025 financial bonds	4,140	1.19	5 February 2026	0.05
Total	64,650			6.13

3. Balances and placements with banks and other financial institutions and financial assets held under resale agreements

As at the end of the Reporting Period, the balances and placements with banks and other financial institutions and the financial assets held under resale agreements of the Group amounted to RMB342,615 million, representing a decrease of RMB38,530 million, or 10.11%, as compared with the end of the previous year, and accounted for 4.41% of total assets, representing a decrease of 0.47 percentage points as compared with the end of the previous year.

4. Derivative financial instruments

Item (RMB million)	30 June 2025			31 December 2024		
	Nominal amount	Fair value		Nominal amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Currency derivatives	4,657,566	20,374	20,167	3,259,181	26,568	25,530
Interest rate derivatives	2,954,690	1,362	1,093	2,417,938	1,844	687
Precious metal derivatives	100,223	2,356	10,181	74,984	1,839	7,856
Others	2,369	40	2	1,941	32	–
Total		24,132	31,443		30,283	34,073

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Liabilities

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB7,066,609 million, representing a decrease of RMB91,792 million, or 1.28%, as compared with the end of the previous year.

Item (RMB million)	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Deposits from customers	4,382,087	62.01	4,332,681	60.52
Of which: Total deposits from customers (excluding accrued interest)	4,311,002	61.01	4,249,095	59.36
Deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements	1,056,506	14.95	1,321,830	18.47
Debt securities issued	1,049,973	14.86	941,025	13.15
Borrowings from central bank and other financial institutions	358,991	5.08	373,101	5.21
Others	219,052	3.10	189,764	2.65
Total	7,066,609	100.00	7,158,401	100.00

1. Deposits from customers

As at the end of the Reporting Period, total deposits from customers of the Group amounted to RMB4,311,002 million, representing an increase of RMB61,907 million, or 1.46%, as compared with the end of the previous year. In respect of customer structure, the proportions of corporate deposits and personal deposits in total deposits were 68.00% and 31.96%, respectively. In respect of maturity structure, the proportions of demand deposits and time deposits in total deposits were 34.93% and 65.03%, respectively.

Item (RMB million)	30 June 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Corporate deposits	2,931,599	68.00	2,946,810	69.35
Of which: Demand deposits	1,066,816	24.75	1,051,320	24.74
Time deposits	1,864,783	43.25	1,895,490	44.61
Personal deposits	1,377,592	31.96	1,298,353	30.56
Of which: Demand deposits	438,833	10.18	396,934	9.34
Time deposits	938,759	21.78	901,419	21.22
Others	1,811	0.04	3,932	0.09
Total	4,311,002	100.00	4,249,095	100.00

Note: Others include outward remittances and remittances payables, etc.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements

As at the end of the Reporting Period, the deposits and placements from banks and other financial institutions and the financial assets sold under repurchase agreements of the Group amounted to RMB1,056,506 million, representing a decrease of RMB265,324 million, or 20.07%, as compared with the end of the previous year, mainly due to the steady increase in the scale of interbank negotiable certificates of deposit (IBNCD) and corresponding decrease in the scale of deposits from banks and other financial institutions.

3. Debt securities issued

As at the end of the Reporting Period, the debt securities issued by the Group amounted to RMB1,049,973 million, representing an increase of RMB108,948 million, or 11.58%, as compared with the end of the previous year, mainly due to the increase in the scale of IBNCD.

(III) Analysis of liability quality

The Bank comprehensively implemented regulatory requirements, established and improved the liability quality management system in line with the scale and complexity of its liabilities institutionally, and clarified responsibilities of the Board, the Senior Management, the relevant departments and all institutions in liability quality management. The Board and the Senior Management of the Bank implemented effective management of and monitoring on liability quality. The Board undertook the ultimate responsibility for liability quality management while the Senior Management took on specific management duties.

During the Reporting Period, the Bank adhered to the principle of steady operation, continuously consolidated the foundation of liability business, constantly optimised the liability structure, and improved the quality of liability development. Firstly, the Bank focused on the layered and classified management of customers, built differentiated service scenarios around customer demands, improved the product service system, enhanced the ability to obtain funds, and consolidated the foundation of liability business. Secondly, the Bank vigorously expanded the sources and channels for low-cost funds, reasonably arranged the scale of high-cost liabilities, continuously optimised liability structure, and effectively controlled liability cost. Thirdly, the Bank strengthened the dynamic monitoring and in-depth analysis of liability quality, dynamically adjusted the liability business strategy based on market research, and promoted the high-quality development of liability business through refined management.

During the Reporting Period, the Group maintained safe and sound liability quality, and kept liability quality management indicators at a reasonable range. Of which, all regulatory indicators met the regulatory requirements. As at the end of the Reporting Period, the net stable funding ratio of the Group was 106.68%, and the liquidity coverage ratio was 155.16%. During the Reporting Period, the cost ratio of interest-bearing liabilities of the Group was 1.93%.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Shareholders' equity

As at the end of the Reporting Period, total shareholders' equity of the Group amounted to RMB702,312 million, representing an increase of RMB45,744 million, or 6.97%, as compared with the end of the previous year. Of which, total equity attributable to holders of equity shares of the Bank amounted to RMB688,544 million, representing an increase of RMB45,685 million, or 7.11%, as compared with the end of the previous year.

Item (RMB million)	30 June 2025	31 December 2024	Change (%)
Share capital	43,782	43,782	–
Other equity instruments	125,000	95,000	31.58
Of which: Preference shares	20,000	20,000	–
Perpetual bonds	105,000	75,000	40.00
Reserves	225,109	226,446	-0.59
Of which: Capital reserve	58,087	58,087	–
Surplus reserve	61,888	61,888	–
General reserve	99,429	99,279	0.15
Other reserves	5,705	7,192	-20.68
Retained earnings	294,653	277,631	6.13
Total equity attributable to holders of equity shares of the Bank	688,544	642,859	7.11
Non-controlling interests	13,768	13,709	0.43
Total	702,312	656,568	6.97

(V) Off-balance sheet items

Item (RMB million)	30 June 2025	31 December 2024	Change (%)
Bank acceptances	563,174	518,662	8.58
Unused credit card commitments	525,419	519,213	1.20
Guarantees	135,316	135,217	0.07
Letters of credit	177,443	141,076	25.78
Irrevocable credit commitments	62,830	56,736	10.74
Capital commitments	14,895	14,852	0.29
Leasing commitments	130	113	15.04

Note: Leasing commitments refer to leasing payments related to leasing contracts already signed by the Group but not yet commenced in implementation.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

VI. Qualitative Analysis of Loans

(I) Loan distribution by five-category classification

As at the end of the Reporting Period, total NPLs of the Group amounted to RMB66,052 million, representing an increase of RMB442 million as compared with the end of the previous year. The NPL ratio was 1.48%, representing an increase of 0.01 percentage points as compared with the end of the previous year. Total special-mentioned loans amounted to RMB121,830 million, representing an increase of RMB1,460 million as compared with the end of the previous year. The proportion of special-mentioned loans was 2.72%, representing an increase of 0.02 percentage points as compared with the end of the previous year.

Item (RMB million)	30 June 2025		31 December 2024		
	Amount	Proportion (%)	Amount	Proportion (%)	Change (%)
Performing loans	4,403,822	98.52	4,384,870	98.53	0.43
Of which: Pass	4,281,992	95.80	4,264,500	95.83	0.41
Special-mentioned	121,830	2.72	120,370	2.70	1.21
NPLs	66,052	1.48	65,610	1.47	0.67
Of which: Substandard	14,875	0.33	20,090	0.45	-25.96
Doubtful	14,280	0.32	12,070	0.27	18.31
Loss	36,897	0.83	33,450	0.75	10.30
Total	4,469,874	100.00	4,450,480	100.00	0.44

(II) Loan distribution by product types

As at the end of the Reporting Period, total corporate loans (including discounted bills) of the Group amounted to RMB2,727,239 million, representing an increase of RMB47,318 million as compared with the end of the previous year, accounting for 61.01% of total loans, representing an increase of 0.79 percentage points as compared with the end of the previous year. Total personal loans amounted to RMB1,742,635 million, representing a decrease of RMB27,924 million as compared with the end of the previous year, accounting for 38.99% of total loans, representing a decrease of 0.79 percentage points as compared with the end of the previous year.

As at the end of the Reporting Period, total corporate NPLs (including discounted bills) of the Group amounted to RMB33,123 million, representing a decrease of RMB665 million as compared with the end of the previous year, and the NPL ratio was 1.21%, representing a decrease of 0.05 percentage points as compared with the end of the previous year. Total personal NPLs amounted to RMB32,929 million, representing an increase of RMB1,107 million as compared with the end of the previous year, and the NPL ratio was 1.89%, representing an increase of 0.09 percentage points as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item (RMB million)	30 June 2025				31 December 2024			
	Total loans	% of total	Total NPLs	NPL ratio (%)	Total loans	% of total	Total NPLs	NPL ratio (%)
Corporate loans and advances	2,727,239	61.01	33,123	1.21	2,679,921	60.22	33,788	1.26
Of which: Discounted bills	119,140	2.67	-	-	219,009	4.92	-	-
Personal loans and advances	1,742,635	38.99	32,929	1.89	1,770,559	39.78	31,822	1.80
Of which: Loans to micro and small enterprises (MSEs)	620,898	13.89	9,717	1.56	643,014	14.45	9,909	1.54
Residential mortgage	579,555	12.97	5,552	0.96	559,218	12.56	5,383	0.96
Credit card	449,902	10.07	16,542	3.68	477,247	10.72	15,664	3.28
Others	92,280	2.06	1,118	1.21	91,080	2.05	866	0.95
Total	4,469,874	100.00	66,052	1.48	4,450,480	100.00	65,610	1.47

Note: Others mainly include comprehensive consumer loans, etc.

(III) Loan distribution by industries

The Group fully implemented all the policies and requirements of the State and the regulatory authorities, stuck to supporting the development of the real economy, and supported the “five major sectors” of finance. Through policy optimisation and adjustment and deepened industry research, the Group focused on controlling risks in industries with overcapacity and those in the period of declining prosperity, and promoted the precise allocation of credit resources to key areas such as domestic substitution, sci-tech innovation, and green development. As at the end of the Reporting Period, the corporate loans of the Group were mainly concentrated in the industries of leasing and commercial services, manufacturing, and real estate. Of which, total loans to the leasing and commercial services industry amounted to RMB588,427 million, representing an increase of RMB41,357 million as compared with the end of the previous year. Total loans to the manufacturing industry amounted to RMB485,863 million, representing a decrease of RMB22,601 million as compared with the end of the previous year, mainly due to the decrease in the scale of discounted bills. Total loans to the real estate industry amounted to RMB332,648 million, representing a decrease of RMB791 million as compared with the end of the previous year.

As at the end of the Reporting Period, the corporate NPLs of the Group were mainly concentrated in the industries of real estate, manufacturing, leasing and commercial services. Total NPLs of the three major industries amounted to RMB23,805 million, accounting for 71.87% of total corporate NPLs. In terms of NPL changes, mainly due to the impact of downgrading of certain corporate clients in the leasing and commercial services industry, the amount of NPLs saw an increase of RMB3,916 million as compared with the end of the previous year. Due to the impact of macroeconomic adjustment and insufficient market demands in manufacturing, wholesale and retail industries, the amount of NPLs saw increases of RMB559 million and RMB439 million, respectively, as compared with the end of the previous year. Due to the intensified efforts of NPL disposal in the real estate industry, the amount of NPLs saw a decrease of RMB5,112 million as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item (RMB million)	30 June 2025				31 December 2024			
	Total loans	% of total	Total NPLs	NPL ratio (%)	Total loans	% of total	Total NPLs	NPL ratio (%)
Corporate loans and advances								
Leasing and commercial services	588,427	13.16	5,784	0.98	547,070	12.29	1,868	0.34
Manufacturing	485,863	10.87	6,435	1.32	508,464	11.42	5,876	1.16
Real estate	332,648	7.44	11,586	3.48	333,439	7.49	16,698	5.01
Wholesale and retail	288,505	6.45	4,706	1.63	295,899	6.65	4,267	1.44
Transportation, storage and postal services	191,745	4.29	215	0.11	171,065	3.85	205	0.12
Water, environment and public utilities management	175,289	3.92	357	0.20	165,256	3.71	690	0.42
Production and supply of electric power, heat, gas and water	148,886	3.33	11	0.01	136,116	3.06	3	–
Financial services	137,806	3.08	421	0.31	173,059	3.89	377	0.22
Construction	128,517	2.88	929	0.72	125,336	2.82	1,108	0.88
Mining	68,278	1.53	1,672	2.45	64,345	1.45	1,681	2.61
Information transmission, software and information technology services	56,711	1.27	432	0.76	45,895	1.03	284	0.62
Scientific research and technical services	43,856	0.98	299	0.68	39,153	0.88	154	0.39
Agriculture, forestry, animal husbandry and fishery	26,212	0.59	33	0.13	22,837	0.51	294	1.29
Others	54,496	1.22	243	0.45	51,987	1.17	283	0.54
Subtotal	2,727,239	61.01	33,123	1.21	2,679,921	60.22	33,788	1.26
Personal loans and advances	1,742,635	38.99	32,929	1.89	1,770,559	39.78	31,822	1.80
Total	4,469,874	100.00	66,052	1.48	4,450,480	100.00	65,610	1.47

(IV) Loan distribution by geographical regions

The Group enhanced study on advantageous industries in the regions, dynamically adjusted regionally characteristic credit policies, explored key regions, focused on key projects in the regions, actively integrated into regional mainstream economy, sought development in harmony with the high-quality development of the regions, served the real economy, and effectively enhanced the Group's market competitiveness. As at the end of the Reporting Period, total loans of the Group to the Yangtze River Delta, the Pearl River Delta and the Bohai Rim ranked top three, being RMB1,185,370 million, RMB724,478 million and RMB690,692 million, respectively, accounting for 26.52%, 16.21% and 15.45% of total loans, respectively. In terms of increase in loans, total loans to the Yangtze River Delta and the Pearl River Delta increased by RMB29,592 million and RMB13,823 million, respectively, as compared with the end of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the NPLs of the Group were mainly concentrated in the Head Office, the Yangtze River Delta and the Western Region, total NPLs of which amounted to RMB17,877 million, RMB13,111 million and RMB11,222 million, respectively, accounting for 63.90% of total NPLs. Of which, the NPLs of the Head Office mainly came from credit card business. In terms of increase in NPLs, the NPLs of the Yangtze River Delta and the Head Office increased by RMB882 million and RMB789 million, respectively, as compared with the end of the previous year. The NPL ratios increased by 0.05 and 0.39 percentage points, respectively, as compared with the end of the previous year, mainly due to the downgrading of certain corporate clients and the increase in NPLs of credit card business, respectively.

Item (RMB million)	30 June 2025				31 December 2024			
	Total loans	% of total	Total NPLs	NPL ratio (%)	Total loans	% of total	Total NPLs	NPL ratio (%)
Head Office	457,948	10.25	17,877	3.90	487,000	10.94	17,088	3.51
Yangtze River Delta	1,185,370	26.52	13,111	1.11	1,155,778	25.97	12,229	1.06
Pearl River Delta	724,478	16.21	7,385	1.02	710,655	15.97	6,822	0.96
Bohai Rim	690,692	15.45	7,333	1.06	693,598	15.58	9,034	1.30
Northeastern Region	92,682	2.07	1,644	1.77	91,780	2.06	1,391	1.52
Central Region	504,479	11.29	5,048	1.00	510,355	11.47	5,705	1.12
Western Region	685,311	15.33	11,222	1.64	680,003	15.28	10,878	1.60
Institutions outside the Chinese mainland and subsidiaries	128,914	2.88	2,432	1.89	121,311	2.73	2,463	2.03
Total	4,469,874	100.00	66,052	1.48	4,450,480	100.00	65,610	1.47

Note: For details of the geographical distribution of institutions of the Group, please refer to Note 5 "Segment Information" to the Financial Statements.

(V) Loan distribution by types of collateral

As at the end of the Reporting Period, total secured loans of the Group amounted to RMB2,140,233 million, representing a decrease of RMB120,406 million as compared with the end of the previous year, mainly due to the decrease in discounted bills, accounting for 47.88% of total loans. Total unsecured loans amounted to RMB1,417,558 million, representing an increase of RMB66,289 million as compared with the end of the previous year, accounting for 31.71% of total loans. Total guaranteed loans amounted to RMB912,083 million, representing an increase of RMB73,511 million as compared with the end of the previous year, accounting for 20.41% of total loans. The NPL ratio of loans secured by tangible assets other than monetary assets decreased by 0.24 percentage points as compared with the end of the previous year, mainly due to the large decrease in NPLs to real estate enterprises; the NPL ratio of loans secured by monetary assets increased by 0.72 percentage points as compared with the end of the previous year, due to the large decrease in the scale of loans on the one hand, and the increase in the amount of NPLs as a result of the impact of certain corporate clients.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item (RMB million)	30 June 2025				31 December 2024			
	Total loans	% of total	Total NPLs	NPL ratio (%)	Total loans	% of total	Total NPLs	NPL ratio (%)
Unsecured loans	1,417,558	31.71	21,855	1.54	1,351,269	30.36	20,303	1.50
Guaranteed loans	912,083	20.41	10,185	1.12	838,572	18.84	9,246	1.10
Secured loans	2,140,233	47.88	34,012	1.59	2,260,639	50.80	36,061	1.60
Of which: Secured by tangible assets other than monetary assets	1,759,838	39.37	29,445	1.67	1,759,337	39.53	33,638	1.91
Secured by monetary assets	380,395	8.51	4,567	1.20	501,302	11.27	2,423	0.48
Total	4,469,874	100.00	66,052	1.48	4,450,480	100.00	65,610	1.47

(VI) Top ten loan customers

As at the end of the Reporting Period, the aggregate amount of total loans to the top ten loan customers of the Group was RMB68,670 million, accounting for 1.54% of total loans and advances to customers. The top ten loan customers are as follows:

Item (RMB million)	Amount	% of total loans	% of net capital base
Customer A	12,235	0.27	1.56
Customer B	8,099	0.18	1.03
Customer C	7,801	0.18	0.99
Customer D	7,687	0.17	0.98
Customer E	6,800	0.15	0.86
Customer F	5,774	0.13	0.73
Customer G	5,561	0.13	0.71
Customer H	5,422	0.12	0.69
Customer I	4,666	0.11	0.59
Customer J	4,625	0.10	0.59
Total	68,670	1.54	8.73

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Restructured loans and overdue loans

As at the end of the Reporting Period, total restructured loans of the Group amounted to RMB27,226 million, representing an increase of RMB825 million as compared with the end of the previous year, accounting for 0.61% of total loans and advances to customers, representing an increase of 0.02 percentage points as compared with the end of the previous year. Total overdue loans amounted to RMB98,067 million, representing an increase of RMB5,108 million as compared with the end of the previous year, accounting for 2.19% of total loans and advances to customers, representing an increase of 0.10 percentage points as compared with the end of the previous year.

Item (RMB million)	30 June 2025		31 December 2024	
	Amount	% of total	Amount	% of total
Restructured loans	27,226	0.61	26,401	0.59
Of which: Restructured loans overdue for more than 90 days	8,545	0.19	7,721	0.17
Overdue loans	98,067	2.19	92,959	2.09
Of which: Overdue within 3 months	25,992	0.58	27,566	0.62
Overdue from 3 months up to 1 year	38,327	0.86	29,791	0.67
Overdue from 1 year up to 3 years	26,237	0.58	29,928	0.67
Overdue more than 3 years	7,511	0.17	5,674	0.13

Notes:

1. Restructured loans are loans that the loan agreement has been adjusted by the Group in favour of the debtor, or provision of refinancing for the debtor's existing debts, including granting new loans for repayment of previous debts, new debt financing, etc., in order to enable the debtor who has financial difficulty to repay.
2. Overdue loans are loans that the repayment of principal or interest is overdue for one or more days.

(VIII) Repossessed assets

Item (RMB million)	30 June 2025	31 December 2024
Reposessed assets	4,878	4,941
Of which: Real estate and land use right	1,561	1,856
Motor vehicles	3,215	3,003
Others	102	82
Allowance for impairment losses	665	800

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IX) Changes in allowance for impairment losses on loans

Item (RMB million)	30 June 2025	31 December 2024
Opening balance	93,129	97,444
Charge for the period, net	23,452	39,006
Write-offs and transfer out during the period	-23,834	-51,183
Recoveries	3,905	8,890
Others	-836	-1,028
Ending balance	95,816	93,129

Method for calculating allowance for impairment losses on loans:

According to the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments 《企業會計準則第22號——金融工具確認和計量》, the Bank calculates the allowance for impairment losses on loans with the expected credit loss model as the basis and the forward-looking information as reference. Of which, for retail loans and corporate loans in phase 1 and phase 2, the allowance for impairment losses is calculated based on risk parameters such as probability of default of customers and loss given default. For corporate loans in phase 3, the allowance for impairment losses is calculated based on the expected recovery of cash flow. In line with the requirements of the Implementation Rules for Expected Credit Loss Approach of Commercial Banks (Yin Bao Jian Gui [2022] No. 10) 《商業銀行預期信用損失法實施管理辦法》(銀保監規[2022]10號), the Bank reviewed and optimised the expected credit loss model on a regular basis, and updated forward-looking information and relevant parameters in a timely manner.

VII. Analysis of Capital Adequacy Ratio

(I) Capital adequacy ratio

The Group calculated its capital adequacy ratio (the “CAR”) in accordance with the Capital Rules for Commercial Banks 《商業銀行資本管理辦法》 (the “Capital Rules”) and other relevant regulatory provisions. The calculation of CAR covers the Bank and the financial institutions directly or indirectly invested by the Bank in accordance with the requirements of the Capital Rules. During the Reporting Period, the minimum requirements of the NFRA on the Group and the Bank’s core tier-1 CAR, tier-1 CAR and CAR were 5%, 6%, and 8%, respectively. Based on the aforesaid minimum capital requirements, provisions of reserve capital, counter-cyclical capital and additional paid-in capital should also be made at the ratios of 2.5%, 0%, and 0.25%, respectively. During the Reporting Period, the core tier-1 CAR, tier-1 CAR, and the CAR of the Group and the Bank should be no less than 7.75%, 8.75%, and 10.75%, respectively.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the core tier-1 CAR, tier-1 CAR and the CAR of the Group were 9.50%, 11.62% and 13.25%, respectively, representing increases of 0.14 percentage points, 0.62 percentage points and 0.36 percentage points, respectively, as compared with the end of the previous year. The table below sets out the CAR of the Group and the Bank:

Item (RMB million)	30 June 2025		31 December 2024	
	The Group	The Bank	The Group	The Bank
Net core tier-1 capital	563,800	529,455	546,689	512,837
Net tier-1 capital	689,588	654,455	642,503	607,837
Total net capital base	786,415	747,318	752,993	714,783
Core tier-1 capital	570,431	549,612	554,940	534,504
Core tier-1 capital deductions	-6,631	-20,157	-8,251	-21,667
Other tier-1 capital	125,788	125,000	95,814	95,000
Other tier-1 capital deductions	–	–	–	–
Tier-2 capital	96,827	92,863	110,490	106,946
Tier-2 capital deductions	–	–	–	–
Total risk-weighted assets	5,933,562	5,660,176	5,842,716	5,568,101
Of which: Credit risk-weighted assets	5,600,891	5,349,617	5,514,242	5,265,735
Market risk-weighted assets	76,917	66,101	72,720	57,908
Operational risk-weighted assets	255,754	244,458	255,754	244,458
Core tier-1 CAR (%)	9.50	9.35	9.36	9.21
Tier-1 CAR (%)	11.62	11.56	11.00	10.92
CAR (%)	13.25	13.20	12.89	12.84

(II) Leverage ratio

As at the end of the Reporting Period, the leverage ratio of the Group was 7.58%, representing an increase of 0.34 percentage points as compared with the end of March 2025. The leverage ratio of the Group is as follows:

Item (RMB million)	30 June 2025	31 March 2025	31 December 2024	30 September 2024
Leverage ratio (%)	7.58	7.24	7.18	7.14
Net tier-1 capital	689,588	650,371	642,503	632,938
On- and off-balance sheet assets after adjustment	9,094,589	8,981,731	8,943,555	8,864,328

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

For details of the regulatory capital indicators, please refer to the 2025 Interim Report on Pillar 3 Information Disclosure of China Minsheng Banking Corp., Ltd. 《中國民生銀行股份有限公司2025年半年度第三支柱信息披露報告》 in the section headed “Investors Relations – Announcements and Disclosures – Regulatory Capital” on the Bank’s website (www.cmbc.com.cn).

VIII. Liquidity Indicators

(I) Liquidity coverage ratio

As at the end of the Reporting Period, the liquidity coverage ratio of the Group was 155.16%, 55.16 percentage points higher than the regulatory requirement, indicating that the Group had an adequate reserve of high-quality current assets and maintained its liquidity stability.

Item (RMB million)	30 June 2025	31 December 2024
Liquidity coverage ratio (%)	155.16	161.99
High-quality current assets	1,109,676	1,086,316
Net cash outflow in 30 days	715,192	670,628

(II) Net stable funding ratio

As at the end of the Reporting Period, the net stable funding ratio of the Group was 106.68%, 6.68 percentage points higher than the regulatory requirement, indicating that the available stable funding sources of the Group was capable to support the sustainable and stable business development.

Item (RMB million)	30 June 2025	31 March 2025	31 December 2024
Net stable funding ratio (%)	106.68	105.22	108.31
Stable funding available	4,533,208	4,446,256	4,558,823
Stable funding required	4,249,188	4,225,689	4,209,212

IX. Segment Report

The business segments of the Group are categorised as corporate banking, retail banking and others for the purposes of management, reporting and evaluation. The geographical segments are categorised into eight sections including the Head Office, the Yangtze River Delta, the Pearl River Delta, the Bohai Rim, Northeastern Region, Central Region, Western Region, and the institutions outside the Chinese mainland and subsidiaries for the purposes of management, reporting and evaluation.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(I) Segment operating results by business line

Item (RMB million)	30 June 2025 Total assets	January to June 2025 Operating income	January to June 2025 Profit before income tax
Corporate banking	5,090,354	35,340	14,560
Retail banking	1,784,720	28,565	6,485
Others	835,697	6,796	1,749
Total	7,710,771	70,701	22,794

Item (RMB million)	31 December 2024 Total assets	January to June 2024 Operating income	January to June 2024 Profit before income tax
Corporate banking	5,144,314	34,526	18,024
Retail banking	1,745,584	27,280	6,677
Others	866,922	3,783	-1,225
Total	7,756,820	65,589	23,476

Notes:

1. Total assets exclude deferred income tax assets.
2. Starting from 2024, the indicator caliber for relevant data has been adjusted. For details, please refer to Note 5 "Segment Information" to the Financial Statements.

(II) Segment operating results by geographical region

Item (RMB million)	30 June 2025 Total assets	January to June 2025 Operating income	January to June 2025 Profit before income tax
Head Office	3,306,490	27,677	8,931
Yangtze River Delta	1,239,070	11,855	5,061
Pearl River Delta	758,174	7,555	3,079
Bohai Rim	1,383,899	6,562	-2,034
Northeastern Region	135,374	1,231	1,411
Central Region	578,286	5,094	1,603
Western Region	694,823	5,816	2,374
Institutions outside the Chinese mainland and subsidiaries	454,986	4,911	2,369
Inter-regional adjustments	-840,331	—	—
Total	7,710,771	70,701	22,794

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item (RMB million)	31 December 2024	January to June 2024	
	Total assets	Operating income	Profit before income tax
Head Office	3,416,362	22,685	4,641
Yangtze River Delta	1,254,041	10,734	2,755
Pearl River Delta	819,463	7,438	3,970
Bohai Rim	1,420,814	8,009	4,123
Northeastern Region	151,842	1,344	725
Central Region	573,712	5,618	2,887
Western Region	688,144	4,940	2,128
Institutions outside the Chinese mainland and subsidiaries	437,774	4,821	2,247
Inter-regional adjustments	-1,005,332	–	–
Total	7,756,820	65,589	23,476

Note: Total assets exclude deferred income tax assets.

X. Other Financial Information

(I) Items relating to fair value measurement

1. Internal control system relating to fair value measurement

In order to regulate fair value measurement, improve the quality of financial information, strengthen risk control and protect the legitimate rights and interests of investors and all relevant parties, the Bank has formulated the Administrative Measures Regarding Account Valuation of Financial Instruments at Fair Value of China Minsheng Bank 《中國民生銀行金融工具公允價值入賬估值管理辦法》 according to the Accounting Standards for Business Enterprises 《企業會計準則》, established a clear and effective governance structure and internal control procedures, expanded the scope of fair value measurement to cover certain financial assets and financial liabilities, and clarified and refined the policies, methods and procedures for fair value measurement. To enhance the rationality and reliability of fair value measurement, the Bank has assigned specific working responsibilities for the management of fair value measurement to the Board, the Senior Management and execution bodies at various levels, continuously strengthened research on the fair value measurement of asset and liability businesses, improved internal valuation capabilities, gradually optimised the valuation models and systems, and strengthened the verification of parameters obtained externally. Moreover, the Bank has taken corresponding internal control measures over the fair value measurement process, conducted double-checking system for the measurement of fair value, and adopted a valuation procedure of fair value featuring multiple checks and early-warning and monitoring on valuation results. Furthermore, by continuously supervising and checking the scope, methodology and procedures of fair value measurement, the audit departments have constantly improved internal control of the Bank.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Bank has adopted new accounting standards including the International Financial Reporting Standard 9: Financial Instruments 《國際財務報告準則第9號:金融工具》(IFRS 9) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments 《企業會計準則第22號——金融工具確認和計量》, the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets 《企業會計準則第23號——金融資產轉移》, the Accounting Standards for Business Enterprises No. 24 – Hedge Accounting 《企業會計準則第24號——套期會計》 and the Accounting Standards for Business Enterprises No. 39 – Fair Value Measurement 《企業會計準則第39號——公允價值計量》 promulgated by the Ministry of Finance. During the Reporting Period, the Bank completed the SPPI test, product classification, valuation, and impairment calculation of financial instruments, and conducted fair value measurement in accordance with the new accounting standards.

2. Financial instruments measured at fair value

For details of the scope, methodologies and relevant parameters of the financial instruments measured at fair value of the Bank, please refer to Note 11 “Fair Value of Financial Instruments” to the Financial Statements.

(II) Overdue and outstanding liabilities

As at the end of the Reporting Period, the Group had no material outstanding liabilities that were overdue.

(III) Cash flow

During the Reporting Period, the Group's net cash flow from operating activities was RMB-219,043 million, and the net outflow decreased by RMB64,800 million as compared with the corresponding period of the previous year, mainly due to that the cash flow from deposits from customers changed from net outflow to net inflow. The net cash flow from investment activities amounted to RMB107,517 million, and the net inflow increased by RMB73,158 million as compared with the corresponding period of the previous year, mainly due to the increase in net cash inflow from investments. The net cash flow from financing activities amounted to RMB125,190 million, and the net inflow increased by RMB185 million as compared with the corresponding period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item (RMB million)	January to June 2025	January to June 2024	Change
Net cash flow from operating activities	-219,043	-283,843	Net outflow decreased by 64,800
Of which: Net cash flow from deposits from customers	61,907	-218,271	Net outflow decreased by 280,178
Net amount from deposits and placements from banks and other financial institutions	-268,160	-59,626	Net outflow increased by 208,534
Net amount from financial assets held under resale agreements	42,150	14,608	Net inflow increased by 27,542
Net cash flow from loans and advances to customers	-39,249	-55,966	Net outflow decreased by 16,717
Net cash flow from investment activities	107,517	34,359	Net inflow increased by 73,158
Of which: Cash received from recovery of investments and investment income	1,597,954	1,136,478	Inflow increased by 461,476
Cash paid for investments	-1,491,539	-1,099,682	Outflow increased by 391,857
Net cash flow from financing activities	125,190	125,005	Net inflow increased by 185
Of which: Cash received from issuance of debt securities	715,531	780,546	Inflow decreased by 65,015
Cash received from issuance of other equity instruments	30,000	–	Inflow increased by 30,000
Cash for repaying debts	-615,507	-606,378	Outflow increased by 9,129
Cash paid for redeeming other equity instruments	–	-40,000	Outflow decreased by 40,000

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

XI. Operational Concerns

(I) Net interest margin

During the Reporting Period, the net interest margin of the Group was 1.39%, representing an increase of 1BP as compared with the corresponding period of the previous year. On the liability side, the Bank seized the window opportunity of benchmark interest rate cut, promoted repricing of deposits and interbank liabilities, proactively took low-cost funds, and increased the proportion of demand deposits as compared with the corresponding period of the previous year. On the asset side, the Bank strengthened the overall management of quantity and price, optimised the asset structure, increased the proportion of general loans as compared with the corresponding period of the previous year, and effectively supported the recovery of net interest margin.

The Group will proactively respond to changes in the market, continue to optimise the asset-liability structure, improve refined management, and strive to maintain a stable net interest margin. On the asset side, the Group will resolutely implement national strategies, increase credit support for key industries and fields, and enhance the capability of risk pricing. On the liability side, the Group will continue to reinforce the capability of providing services for the basic customer group, increase the proportion of low-cost settlement deposits, flexibly arrange the market-oriented capital input in bonds and interbank liabilities based on market liquidity, and promote further decrease of costs on the liability side.

(II) Net non-interest income

The Group adhered to the customer-centric philosophy, intensified efforts to push forward the increase in scale of financial assets under management amid continuously declining interest rates, and promoted the increases of both net non-interest income and its proportion centring on transaction banking, investment transaction and other value chains. During the Reporting Period, the net non-interest income of the Group amounted to RMB21,498 million, representing an increase of RMB4,491 million, or 26.41%, as compared with the corresponding period of the previous year, and accounted for 30.41% in operating income, representing an increase of 4.48 percentage points as compared with the corresponding period of the previous year. On the one hand, the Group enhanced the capability of retail asset allocation, improved the development of payment scenarios, expanded the scale of financial assets for key scenarios and customer groups, and advanced the steady growth of intermediary business income. During the Reporting Period, the net fee and commission income of the Group amounted to RMB9,685 million, representing an increase of RMB40 million, or 0.41%, as compared with the corresponding period of the previous year, and representing an increase of 4.35 percentage points as compared with the first quarter. Of which, the income from settlement and clearing fees increased by 40.63% as compared with the corresponding period of the previous year. On the other hand, the Group seized market opportunities, expanded bond trading and increased investment returns in due time. In the meantime, thanks to the recovery of price in the capital market, gains from changes in fair value increased. During the Reporting Period, other net non-interest income of the Group amounted to RMB11,813 million, representing an increase of RMB4,451 million as compared with the corresponding period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Formation, and collection and disposal of non-performing assets

The Bank continuously consolidated full-process credit risk management, deepened policy and industry research, and promoted the reasonable growth of asset scale and continuous optimisation of structure. The Bank gave full play to the three-tier post-lending and post-investment management covering “execution, management and supervision”, implemented major credit risk reporting, graded post-lending tracking meetings and other working mechanisms, strengthened the construction of a digital and intelligent post-lending management platform, and reinforced risk monitoring, early-warning and proactive exit, so as to prevent and control new risk exposures. During the Reporting Period, the formation rate of NPLs⁴ of the Bank was 1.51%, representing an increase of 0.02 percentage points as compared with 2024. The newly formed non-performing retail loans increased mainly due to the impact of macroeconomic adjustments and slowdown in residents’ income growth.

The Bank proactively responded to the changing situation faced by the disposal and resolution of non-performing assets, adhered to the philosophy of managing non-performing assets, applied collection and disposal strategies in a classified manner, and took multiple measures for risk mitigation. During the Reporting Period, the Bank collected and disposed a total of RMB35,156 million non-performing assets, including RMB32,077 million NPLs. Divided by disposal method, RMB4,207 million were collected in cash, RMB7,303 million were transferred, RMB5,548 million were securitised, RMB14,974 million were written off, and RMB45 million were disposed through other methods. RMB3,079 million non-credit non-performing assets were also collected and disposed. Meanwhile, the Bank accelerated the recovery of written-off assets, and recovered RMB4,441 million in cash during the Reporting Period.

In the next stage, the Bank will proactively respond to changes in external risk situations and continuously intensify full-process credit risk management. The Bank will further strengthen the leading role of credit policies, promote the adjustment and optimisation of credit structure, deepen the construction of a digital and intelligent post-lending platform, and enhance the capabilities of forward-looking identification of common, trend-related and structural risks. Furthermore, the Bank will improve the credit inspection management mechanism, strengthen front-loaded accountability of serious credit violation behaviours, and strictly prevent new large-value risks. The Bank will continue to optimise the model of risky asset operation and management, advance risk mitigation in key fields in a steady and orderly manner, and strive to improve the quality and effectiveness of collection and disposal, thereby maintaining the overall stability of asset quality.

⁴ Formation rate of NPLs = New NPLs of the period/total loans and advances to customers at the beginning of the period × annualised coefficient.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Risk management and control of the real estate industry

The Group attached great importance to the risk prevention in the real estate sector and earnestly implemented relevant national policies and regulatory requirements concerning the real estate industry. Following the general principles of “stabilising total amount, adjusting structure, strengthening management and mitigating risks”, the Group actively advanced the implementation of the “16 financial measures”, the urban real estate financing coordination mechanism and the guaranteeing of timely delivery of housing, etc. On the one hand, the Group strengthened the full-process management of existing projects in the real estate sector, and took multiple measures to accelerate the risk mitigation of existing projects. On the other hand, the Group proactively responded to national policies, gave priority to supporting financial services for affordable housing and rental housing, and optimised business structure. For market-based real estate business, the Group returned to the origin of projects, implemented differentiated strategies based on city-level capacity and real estate enterprises, and developed incremental business in an appropriate and orderly manner, thus promoting the steady and healthy development of real estate business of the Group.

As at the end of the Reporting Period, the balance of corporate credit business with credit risks assumed by the Group in relation to real estate, such as loans, off-balance sheet credit, standard debt investment, non-standard debt investment and bond investment, amounted to RMB390,653 million, representing a decrease of RMB4,511 million, or 1.14%, as compared with the end of the previous year. Of which, the balance of loans to the real estate industry amounted to RMB332,648 million, representing a decrease of RMB791 million as compared with the end of the previous year, and accounted for 85.15%. The balance of NPLs to the real estate industry amounted to RMB11,586 million, representing a decrease of RMB5,112 million as compared with the end of the previous year. The NPL ratio was 3.48%, representing a decrease of 1.53 percentage points as compared with the end of the previous year. In addition, as at the end of the Reporting Period, the balance of businesses not assuming credit risks in relation to the real estate industry of the Group, such as net-worth wealth management, entrusted loans, and debt financing instruments with the Bank as the leading underwriter, amounted to RMB47,713 million, representing a decrease of RMB5,777 million, or 10.80%, as compared with the end of the previous year. The business scale was small on the whole.

In the next stage, the Group will continue to strictly implement the national decisions and deployments and regulatory requirements concerning the real estate industry, carry out layered and classified management of projects during its life cycle, and expedite mitigation of existing risks. Meanwhile, the Group will effectively distinguish the credit granting risks of the Group and the projects, respond to various policies, return to the origin of projects, and optimise credit granting strategies, so as to promote the healthy and sustainable development of incremental business.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Capital management

During the Reporting Period, the Group took “enhancing efficiency, creating value, strengthening constraints, optimising structure, strengthening endogenous accumulation and replenishing reasonably” as the principle of capital management, continuously adjusted asset-liability structure, fully guaranteed credit placement, guided the reasonable and effective allocation of resources, and promoted strategic transformation and value improvement. As at the end of the Reporting Period, the Group’s core tier-1 CAR, tier-1 CAR and CAR were 9.50%, 11.62% and 13.25%, respectively, remaining stable in general.

With the official implementation of additional regulatory requirements on systemically important banks and the Capital Rules, the Group will continue to follow regulatory trends, strengthen capital constraints, optimise the structure of capital occupation, and improve capital efficiency. At the same time, the Bank will continue to improve the capital replenishment mechanism, proactively expand financing channels, and replenish capital in due time and in appropriate amount, to improve the capital adequacy level and risk resistance capability of the Group.

XII. Risk Management

(I) Comprehensive risk management

The Bank adhered to robust and prudent risk culture and risk preference, and strove to build an “updated version” of comprehensive risk management system by taking the opportunity of preparations for the compliant implementation of advanced capital measurement approach, thereby enhancing support for the high-quality development of the whole bank. In accordance with the risk preference of “seeking progress while maintaining stability, optimising structure, and improving quality and efficiency”, the Risk Management and Internal Control Commission of the Head Office studied and judged risk situation, examined the effectiveness of risk and internal control management system, considered major matters, management measures and strategy reports in terms of risk management and internal control and compliance management of the whole bank, and made decisions on businesses within the scope of authority. During the Reporting Period, the Bank implemented national policies, proactively responded to external situations, and maintained strategic focus. Centring on “strengthening customer group management, optimising structure, controlling risks, and driving revenue growth”, the Bank focused on fulfilling the responsibility for risk management, perfecting risk management mechanism, conducting optimisation and verification of internal ratings for credit risk, advancing in-depth application of rating results, and carrying out application preparations for the implementation of advanced capital measurement approach and other key tasks. The Bank constantly enhanced risk management capabilities, continued to increase support for the real economy, strengthened risk prevention and mitigation in key fields, and maintained a stable and positive trend of all risk indicators. The “Model Risk Management System Construction Project” of the Bank won the award of “The Risk Data and Analytics Technology Implementation of the Year in China” presented by The Asian Banker.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Credit risk management

Credit risk is the risk that a borrower or a counterparty fails to make repayments in a timely manner in full amount for whatever reasons.

During the Reporting Period, the Bank adhered to the customer-centric philosophy, proactively pushed forward strategic transformation and credit structure optimisation in line with the deployments of the Five-Year Development Plan, and ensured credit placement and financial support for key fields. The Bank accelerated the overall optimisation of credit risk measurement models, focused on promoting the in-depth application of internal evaluation results in performance assessment, loan pricing and other aspects, and strengthened the philosophy of risk cost management. The Bank optimised the credit approval mechanism, proactively increased credit support for key customer groups and areas, and accurately satisfied the reasonable financing needs of customers on the basis of preventing new business risks. The Bank reinforced digital empowerment to credit granting management, and sped up the application of large language model in approval process. Moreover, the Bank comprehensively enhanced its post-lending management capability. It carried out the activity of “Year of Post-Lending and Post-Investment Management Enhancement” to create a strong atmosphere that emphasised post-lending and post-investment management, and improve the effectiveness of post-lending and post-investment management. The Bank also launched a digital and intelligent post-lending management platform for legal person customers (phase I), and realised the transformation of post-lending and post-investment management from manual offline operation to online operation with data empowerment and smart support, laying a solid foundation for the improvement of post-lending and post-investment management level. The Bank deepened risk mitigation of non-performing assets, strengthened layered and classified management, and proactively sought for innovation of disposal and mitigation model. The Bank optimised the model of risky asset operation and management, continued to tap into the potential value of written-off assets, intensified recovery efforts, and comprehensively enhanced asset management efficiency.

(III) Large-amount exposure

Large-amount exposure refers to the credit risk exposure of a commercial bank exceeding 2.5% of its net tier-1 capital (including various kinds of credit risk exposures arising in the banking book and the trading book) to a single customer or a group of related party customers. The Bank proactively established and improved the management mechanism for large-amount exposures, improved management rules, optimised management systems, clarified large-amount exposure management limits in annual risk preference, and orderly implemented the measurement, monitoring and reporting of large-amount exposures, thus ensuring the compliance and effectiveness of management.

As at the end of the Reporting Period, the non-peer single customers, non-peer group customers, peer single customers, and peer group customers of the Bank meeting large-amount exposure standards all satisfied the regulatory requirements.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Market risk management

Market risk refers to the risk of adverse changes in market prices (interest rates, exchange rates, stock prices and commodity prices), inflicting losses in on- and off-balance sheet businesses of commercial banks.

During the Reporting Period, the Bank carried out the identification, measurement, monitoring and reporting of market risk in an orderly manner, and kept all policies and procedures related to market risk running well. The Bank realised overall stability in the occupation of market risk capital and achieved revenue growth of investment transaction business. It has established unified views for market risk, strengthened management empowerment at all levels, and formed macro, meso, and micro views covering the whole Group that supported the monitoring, analysis and decision-making of market risk management personnel at different levels. The Bank conducted risk management by means of strategy portfolios, clearly defined transaction strategies from such perspectives as transaction purposes, transaction models, strategy characteristics, and risk factors, carried out differentiated limit monitoring, and supported the steady development of market-making, agency and other businesses. The Bank enabled the in-depth integration of capital measurement and business management scenarios. Additionally, the Bank established and continuously improved the early-warning and monitoring system for unsecured bonds at the group level, optimised quantitative analysis functions for unsecured bond holdings via multi-dimensional portfolios, and achieved linked management of market risk and credit risk driven by high frequency data. The Bank continued to optimise the management mechanism for investment transaction products covering all risks, entire process and full life cycle, and simultaneously promoted product access management and post-evaluation process.

(V) Operational risk management

Operational risk refers to the risk of loss arising from problems with internal procedures, personnel and IT system or external events, including legal risk but excluding strategic risk and reputation risk. The major loss events of operational risk of the Bank comprise internal and external fraud, events related to the employment system and the safety of working places, events related to customers, products and operation, damages of tangible assets, events related to IT system and management of execution, settlement and processes. Of which, the major legal risks faced by the Bank include revocation or invalidation of the signed contracts in accordance with laws, litigation or arbitration for contracting fault, breach of contract, right infringement or other reasons, violation of laws, regulations, rules or regulatory provisions, etc., which may lead to the risk of assuming criminal, administrative and civil legal liabilities.

During the Reporting Period, the Bank continued to advance the establishment, planning and implementation of the operational risk (including legal risk) management system, and controlled the loss ratio of operational risks within the risk preference limit. The Bank implemented standard methods for operational risk capital measurement and gradually improved automation of measurement, issued implementing rules for operational risk stress tests, conducted operational risk identification and assessment, indicator monitoring and loss data governance, and iterated the operational risk management system, thus consolidating the

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

foundation for operational risk management. The Bank reinforced the connection between operational risk management and outsourcing risk management and business continuity management, and dynamically updated the scope of outsourcing activities, risk assessment guidelines and access standards. It initiated a new round of business continuity impact analysis, optimised the model of business importance level assessment, and promoted the stable and continuous operation of businesses. Furthermore, the Bank consolidated the foundation for legal risk management, included key laws into internal rules and optimised systems, carried out the layered and classified education activities on the 8th Five-Year Plan for Popularising Legal Knowledge, promoted cracking down on gang-related crimes and eliminating evil forces on a regular basis, and strengthened the development and application of functions such as smart legal review, smart litigation, blockchain, and AI regulations Q&A, in order to ensure legal and compliant operation.

(VI) Liquidity risk management

Liquidity risk refers to the risk that a commercial bank is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations.

During the Reporting Period, the Bank strictly safeguarded the bottom line of liquidity risks, adhered to prudent liquidity risk preference, closely monitored the changes in domestic and international macro economic, monetary and regulatory policies, market liquidity and price level, and proactively judged and forecast future trends. The Bank strengthened monitoring and active management around core risk factors, and improved refined management. The regulatory indicators of liquidity risks remained sound and conformed to the standards, and the daytime liquidity risks stayed safe and controllable. The Bank optimised the Group's consolidated management system for liquidity risks, and reinforced management supervision, indicator monitoring and risk warnings for subsidiaries, thereby promoting the coordinated elevation of the Group's consolidated management of liquidity risks. The Bank strengthened the monitoring and management of limits and indicators of liquidity risks and improved the risk monitoring and limit management system based on the risk factors such as asset-liability maturity mismatch, liability structure stability, high-quality liquidity assets, cash flow gap distribution, and customer and industry concentration degree. The Bank optimised the asset-liability structure, proactively expanded liability sources and channels to diversify the liability sources, continuously optimised the structure of interbank liabilities, properly conducted management of high-quality liquidity assets, and improved the quality and effectiveness of asset management. The Bank carried out high-frequency early-warning management of liquidity risks, continuously improved the stress test scenario and parameter system, and used systematic tools to increase the frequency and efficiency of stress tests. The Bank regularly conducted emergency drills for liquidity risks and improved its capabilities in risk identification and emergency response. The Bank strictly implemented the pillar 3 information disclosure requirements of the Capital Rules, strengthened the liquidity risk data governance at both legal person and consolidated Group levels, intensified efforts to advance the development of the asset-liability risk management system and enhanced the automation of data measurement.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(VII) Country risk management

Country risk refers to the risk of debtor in a certain country or region failing or unwilling to repay debts to the financial institutions in the banking industry, or the financial institutions in the banking industry suffering from commercial losses in a country or region or incurring other losses due to economic, political and social changes and incidents in such country or region.

In the context of persistent geopolitical risks and increasingly complex international situations, the Bank continued to improve the country risk management system in strict accordance with regulatory requirements and based on business development needs and challenges posed by changes in the global economic situation, optimised country risk ratings and limit models, built an independent and autonomous internal rating system for country risks, and updated and adjusted country risk ratings and limits in a timely manner. The Bank closely monitored changes in country risk exposures, constantly tracked, monitored and reported country risks. It also conducted country risk stress tests, and strengthened the risk early-warning and emergency response mechanism.

During the Reporting Period, the country risk exposures of the Bank were mainly concentrated in countries and regions with low risks and relatively low risks, and the risks were controlled at a reasonable level in general.

(VIII) Management of interest rate risk in banking book

Interest rate risk in banking book refers to the adverse changes in the level of interest rate, maturity structure and other factors which lead to loss on the economic value and overall revenue of banking book. It can be primarily classified into gap risk, benchmark risk and option risk.

During the Reporting Period, the Bank optimised and improved the governance and management system of interest rate risk in banking book, strictly managed and controlled the mismatch level of asset and liability repricing, and strengthened interest rate sensitivity analysis and stress tests, in a bid to ensure the steady operation of regulatory indicators and internal management indicators of interest rate risk in banking book. The Bank improved the Group's consolidated management system of interest rate risk in banking book, effectively strengthening the coordinated management of interest rate risk in banking book of the Group and supervising and guiding subsidiaries to improve their risk management. The Bank optimised the limit system, appraisal and supervision and early-warning and reminder of interest rate risk in banking book, and practised strict and effective management in terms of repricing gap, maturity mismatch, duration, and valuation fluctuation, so as to ensure that all risk factors were kept at a prudent and healthy level. The Bank enhanced the early-warning management of interest rate risk in banking book, constantly enriched and perfected scenario assumption and parameter system for stress tests, used systematic tools to elevate the frequency of stress tests, and strengthened its capability in risk identification, early-warning and emergency response. The Bank optimised the functions of the asset-liability risk management system, improved management models and database, increased the automatic measurement and monitoring frequency of indicators of interest rate risk in banking book, and enhanced the levels of risk data analysis and monitoring.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IX) Reputation risk management

Reputation risk refers to the risk that stakeholders, the public, media and other parties negatively evaluate banking institutions due to the operation and management behaviours, behaviours of employees or external events, etc., which then undermines the brand value, goes against normal operation, and even affects industry image, market stability and social stability. The Bank regards effective reputation risk management as one of the important means and necessary measures to safeguard normal business development, create a harmonious public opinion environment, safeguard its sound image in the industry and fulfill responsibilities of corporate citizens.

During the Reporting Period, the Bank further optimised mechanisms and processes, improved response strategies, accumulated reputation capital, and continuously improved the foresight, timeliness and effectiveness of reputation risk management. The Bank implemented the philosophy of steady and prudent development, emphasised prevention and control from the source, and improved management professionalism. Within the framework of comprehensive risk management, the Bank timely assessed the potential threats of contagion among various risks, predicted public opinion trend, and deployed special monitoring.

(X) IT risk management

IT risk refers to the operational, legal and reputation risk and other risks due to natural factors, human factors, technical flaws and management defects in relation to the IT application in the commercial banks.

During the Reporting Period, the Bank strictly implemented regulatory requirements, and proactively promoted IT risk management to ensure compliance and security. The Bank continuously strengthened cyber and data security, completed the assessment of data security risks, fixed high-risk vulnerabilities of important application systems, effectively dealt with cyber attacks, and blocked spam emails, thus ensuring a sound situation of overall cyber and data security. The Bank comprehensively carried out IT risk assessment, and organised the formulation of contingency plans and drill schedules for outsourcing service interruption at the Head Office and branches. The Bank optimised IT risk monitoring indicators, enhanced the effectiveness of monitoring, and identified risks and gave early-warning notifications in a timely manner, so as to guarantee the safe and steady operation of the IT system.

(XI) Compliance risk management

Compliance risk refers to the potential for a financial institution or its employees to face criminal, administrative, or civil legal liability, financial loss, reputation loss, or other adverse consequences due to violations of compliance regulations in operation and management activities of the financial institution or duty performance behaviours of its employees.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Bank thoroughly implemented the philosophy that “compliant operation is the core competitiveness”, and practically enhanced the effectiveness of compliance management to effectively ensure high-quality development. The Bank carried out the activity of “Year of High-Quality and Compliant Development”, and constantly improved compliance operation and management by virtue of activation and cohesion forces of annual events. The Bank reinforced the internalisation of external regulations, revised and improved basic compliance rules, strengthened the transmission of regulatory policies, optimised the rule interpretation mechanism, and has built a multi-level and three-dimensional compliance duty performance system. The Bank advanced the development of digital capabilities, and has built a compliance risk monitoring system and established a compliance monitoring platform, and perfected employee behaviour risk portraits in an effort to effectively manage and control all kinds of compliance risks. The Bank strengthened case risk warnings and alerts, completed annual case risk assessment and practitioner behaviour assessment, effectively conducted compliance inspections, and established a virtuous cycle of inspection, rectification, assessment and enhancement by taking strengthening the source-tracing and rectifications of problems as the starting point.

(XII) Money laundering risk management

Money laundering risk refers to the risk that the Bank may be utilised by “money laundering activity” during business development and operating management. The Bank has established a relatively perfect system for managing money laundering risk, and constantly improved the management mechanism, providing guarantee for steady and compliant operation.

During the Reporting Period, the Bank further improved the “group-based” money laundering risk management system, adhered to the basic principle of “taking risk first”, and continuously strengthened the quality and effectiveness of money laundering risk management. The Bank carried out a pilot program for the centralised operation (supportive) model of anti-money laundering (AML), optimised the model of customer AML due diligence, and continuously improved the quality of due diligence. The Bank reinforced the effectiveness of money laundering risk assessments, and accurately made rectifications and allocated resources according to assessment results. The Bank improved the institutional sanctions risk prevention and control system, and optimised sanction risk prevention and control strategies and measures. The Bank reinforced money laundering risk monitoring and management, developed intelligent suspicious transaction monitoring models, and established a risk early-warning mechanism for interrelated businesses. The Bank accelerated the intelligent development of AML work, launched smart dashboard screens for money laundering risks, realised visualised risk distribution in real time, and helped frontline staff to improve the effectiveness of duty performance. The Bank strengthened AML information security management, and consolidated the defense lines for financial data security. Additionally, the Bank conducted special AML training, deepened money laundering risk research and application, and enhanced the duty performance capabilities of branches and financial subsidiaries at all levels.

CHAPTER 3 MANAGEMENT DISCUSSION AND ANALYSIS

XIII. Prospects

At present, the macro economy is in a stage of continuous recovery, and various policies are jointly boosting the accumulation of economic growth momentum. Against this backdrop, the Chinese banking industry is facing realistic challenges such as pressure on interest margin and fiercer market competition, while embracing major opportunities such as the effective implementation of supporting the “five major sectors”, and the accelerated establishment of an open ecosystem.

Looking ahead to the second half of 2025 and beyond, the Bank will base itself on the general situation of economic transformation and upgrading, persist in serving the real economy, proactively adapt to environment changes, focus on core measures, coordinate the quality and effectiveness of development and risk safety, and constantly improve comprehensive competitiveness, thus better serving the grand goal of Chinese modernisation.

Firstly, the Bank will comprehensively enhance its capabilities of creating value for customers. Through continuous optimisation of products and service processes, the Bank will improve refined operation and management, better full-journey experience, provide customers with more suitable and higher-value comprehensive financial solutions, and constantly consolidate relationships with customers.

Secondly, the Bank will strive to build distinctive advantages in market competition. It will deeply explore and break down market needs, enhance precise service capabilities to shape differentiated brand value, promote digital transformation at a faster pace, and improve service efficiency and smart application via sci-tech empowerment, so as to effectively reinforce customer stickiness.

Thirdly, the Bank will dynamically adjust asset and liability management strategies. In terms of asset allocation, the Bank will closely follow national strategies and the demands for high-quality economic development, scientifically determine the pace of placement, and strengthen financial services for major strategies, key fields, and weak links. In terms of liability management, the Bank will pursue the balanced development of quantity and price, intensify efforts to expand low-interest deposits, reinforce refined management of liabilities, and continuously optimise the liability structure, in a bid to effectively reduce the cost of funds.

Fourthly, the Bank will continue to enhance its capabilities of comprehensive risk management. It will adhere to the principle of prudent operation, strive to perfect the risk identification, measurement and monitoring system, vigorously upgrade digital risk control means, and implement precise prevention and control strategies for risks in key fields, to build a solid security barrier for the steady and sustainable business development.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

I. Ordinary Shares

(I) Changes in ordinary shares

	30 June 2025		Changes over the Reporting Period	31 December 2024	
	Number of shares (share)	Percentage (%)	Number of shares (share)	Number of shares (share)	Percentage (%)
I. Shares subject to restriction on sales	-	-	-	-	-
II. Shares not subject to restriction on sales	43,782,418,502	100.00	-	43,782,418,502	100.00
1. Ordinary shares in RMB	35,462,123,213	81.00	-	35,462,123,213	81.00
2. Domestic listed foreign invested shares	-	-	-	-	-
3. Offshore listed foreign invested shares	8,320,295,289	19.00	-	8,320,295,289	19.00
4. Others	-	-	-	-	-
III. Total number of ordinary shares	43,782,418,502	100.00	-	43,782,418,502	100.00

(II) Shares subject to restriction on sales and restrictions

During the Reporting Period, no shareholder of the Bank held shares subject to restriction on sales.

II. Issuance and Listing of Securities

During the Reporting Period, the Bank did not issue new ordinary shares, there were no changes in the total number and structure of the ordinary shares, and the Bank had no employee shares.

For details of bond issuance of the Bank, please refer to Note 4 “Notes to the Condensed Consolidated Financial Statements” to the Financial Statements.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

III. Shareholders

(I) Total number of holders of ordinary shares and shareholdings of the top 10 shareholders

As at the end of the Reporting Period, the total number of holders of ordinary shares of the Bank was 299,397, of which 282,460 were holders of A shares and 16,937 were holders of H shares. There was no holder of preference shares whose voting rights had been restored.

Particulars of shareholding of the top 10 holders of ordinary shares (excluding shares lent for refinancing)

Name of shareholder	Type of shareholder	Shareholding percentage (%)	Number of shares held as at the end of the Reporting Period (share)	Changes over the Reporting Period (share)	Class of shares	Shares pledged/frozen/marked	
						Status	Number (share)
HKSCC Nominees Limited	Other	18.93	8,287,619,818	1,032,632	H Shares		Unknown
Dajia Life Insurance Co., Ltd. – Universal Product	Domestic legal person	10.30	4,508,984,567	–	A Shares		Nil
Dajia Life Insurance Co., Ltd. – Traditional Product	Domestic legal person	6.49	2,843,300,122	–	A Shares		Nil
Shenzhen Liye Group Co., Ltd.	Domestic non-state-owned legal person	4.49	1,966,999,113	–	A Shares	Pledged	944,000,000
New Hope Liuhe Investment Co., Ltd.	Domestic non-state-owned legal person	4.18	1,828,327,362	–	A Shares		Nil
Tongfang Guoxin Investment Holding Co., Ltd.	Domestic legal person	3.59	1,573,675,801	-314,854,900	A Shares	Pledged	1,455,582,321
Shanghai Giant Lifetech Co., Ltd.	Domestic non-state-owned legal person	3.15	1,379,679,587	–	A Shares	Pledged	1,379,678,400
China Shipowners Mutual Assurance Association	Domestic non-state-owned legal person	3.02	1,324,284,453	–	A Shares		Nil
Orient Group Incorporation	Domestic non-state-owned legal person	2.92	1,280,117,123	–	A Shares	Pledged	1,272,649,488
						Frozen	117,028,711
						Marked	1,163,088,412
HKSCC Limited	Other	2.84	1,241,360,874	142,707,282	A Shares		Nil

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Statement on the special accounts for repurchase of the top 10 shareholders	Uninvolved
Statement on entrusting, being entrusted with and waiving the voting rights of the aforesaid shareholders	Uninvolved
Statement on the related relationship or concerted actions among the aforesaid shareholders	1. Dajia Life Insurance Co., Ltd. – Universal Product and Dajia Life Insurance Co., Ltd. – Traditional Product have the same legal person; HKSCC Nominees Limited is a wholly-owned subsidiary of HKSCC Limited; 2. Save as mentioned above, the Bank is not aware of any related relationship or concerted action among the above shareholders.
Statement on margin trading, short selling and refinancing engaged by the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to restriction on sales	1. The margin account of Shenzhen Liye Group Co., Ltd. holds 313,808,367 shares of the Bank, representing 0.72% of the total share capital of the Bank. Save as mentioned above, the Bank is not aware of any margin trading and short selling engaged by the above other shareholders; 2. Except for the unknown information of HKSCC Nominees Limited, according to the record of opening/ending shares lent for refinancing in the first half of 2025 by the shareholders with shareholding of 5% or more, the top 10 holders of ordinary shares and the top 10 holders of circulating shares not subject to restriction on sales of the Bank provided by China Securities Finance Corporation Limited, there was no refinancing engaged by the top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to restriction on sales of the Bank.

Notes:

1. The number of shares held by holders of A shares and the number of shares held by holders of H shares in the above table were recorded in accordance with the registers of shareholders of the Bank provided by China Securities Depository and Clearing Corporation Limited (Shanghai Branch) and Computershare Hong Kong Investor Services Limited, respectively.
2. No shareholder of the Bank held shares subject to restriction on sales.
3. Total number of the shares held by HKSCC Nominees Limited acting as an agent represents the total amount of H shares of the Bank held by all institutional and individual investors that registered in the account of such investors as at the end of the Reporting Period; total number of the shares held by HKSCC Limited represents the total amount of A shares (SSE-listed securities through Shanghai-Hong Kong Stock Connect) it held as a nominee holder designated by and on behalf of Hong Kong and overseas investors as at the end of the Reporting Period.
4. Shares held and pledged by Tongfang Guoxin Investment Holding Co., Ltd. included 1,455,582,321 shares transferred to “Tongfang Guoxin Investment Holding Co., Ltd. – special account for pledge of convertible corporate bonds non-publicly issued to professional investors (同方國信投資控股有限公司 – 面向專業投資者非公開發行可交換公司債券質押專戶)” (four tranches in total) due to issuing bonds.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

(II) Substantial shareholders' and other persons' interests or short positions in the shares and underlying shares of the Bank under Hong Kong laws and regulations

As at 30 June 2025, substantial shareholders and other persons (other than the Directors, Supervisors and chief executives of the Bank as defined in the Hong Kong Listing Rules) had the following interests or short positions in the shares of the Bank as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO and as the Bank is aware of:

Name of substantial shareholder	Class of shares	Long/short position	Capacity	Number of shares (share)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of all the issued ordinary shares (%)
Dajia Life Insurance Co., Ltd.	A	Long position	Beneficial owner	7,352,284,689	1	20.73	16.79
	H	Long position	Beneficial owner	457,930,200	1	5.50	1.05
Dajia Insurance Group Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	7,352,284,689	1	20.73	16.79
	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	457,930,200	1	5.50	1.05
New Hope Liuhe Investment Co., Ltd.	A	Long position	Beneficial owner	1,828,327,362	2	5.16	4.18
New Hope Liuhe Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,828,327,362	2	5.16	4.18
New Hope Group Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,930,715,189	3 and 5	5.44	4.41
New Hope Holdings Group Co., Ltd.	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,930,715,189	2 and 5	5.44	4.41
LIU Chang	A	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	1,930,715,189	3 and 5	5.44	4.41
LI Wei	A	Long position	Interest held by the corporation(s) controlled by the spouse of this substantial shareholder	1,930,715,189	4 and 5	5.44	4.41
Shenzhen Liye Group Co., Ltd.	A	Long position	Beneficial owner	1,966,999,113		5.55	4.49
Alpha Frontier Limited	H	Long position	Beneficial owner	713,501,653	6 and 7	8.58	1.63
Shanghai Cibi Business Information Consulting Co., Ltd.	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	713,501,653	6 and 7	8.58	1.63
Giant Investment Co., Ltd. ⁵	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	713,501,653	6 and 7	8.58	1.63
BlackRock, Inc.	H	Long position	Interest held by the corporation(s) controlled by this substantial shareholder	460,457,603	8	5.53	1.05
	H	Short Position	Interest held by the corporation(s) controlled by this substantial shareholder	82,587,500	8	0.99	0.19

In accordance with the SFO, the changes in the interests did not result in a percentage subject to disclosure obligation. Relevant changes were not reported in the disclosure forms completed by the above-mentioned substantial shareholders.

⁵ On 8 July 2025, Giant Investment Co., Ltd. changed its name to "Shanghai Giant Investment Group Co., Ltd."

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

1. Dajia Insurance Group Co., Ltd. was deemed to have interests in the 7,352,284,689 A shares and 457,930,200 H shares of the Bank as it held 99.98% of the issued share capital of Dajia Life Insurance Co., Ltd.

The interests that Dajia Insurance Group Co., Ltd. and Dajia Life Insurance Co., Ltd. held in the 7,352,284,689 A shares and 457,930,200 H shares, as set out in the above table, were the same block of shares.

2. According to the SFO, New Hope Holdings Group Co., Ltd. was deemed to have interests in the 102,387,827 A shares held by South Hope Industrial Co., Ltd. and in the 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. through direct and indirect control over several enterprises. As Mr. LIU Yonghao (a Non-Executive Director of the Bank) had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the 1,930,715,189 A shares held by New Hope Holdings Group Co., Ltd.
3. According to the SFO, New Hope Group Co., Ltd. was deemed to have interests in the 102,387,827 A shares held by South Hope Industrial Co., Ltd. and in the 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. through direct and indirect control over several enterprises. As Ms. LIU Chang held equity interest of New Hope Group Co., Ltd., Ms. LIU was deemed to have interests in the 1,930,715,189 A shares of the Bank in which New Hope Group Co., Ltd. had interests. Ms. LIU Chang is the daughter of Mr. LIU Yonghao (a Non-Executive Director of the Bank).
4. Ms. LI Wei is the spouse of Mr. LIU Yonghao (a Non-Executive Director of the Bank). According to the SFO, Ms. LI was deemed to have interests in the 1,930,715,189 A shares of the Bank in which Mr. LIU Yonghao had interests (Mr. LIU Yonghao's interests in shares are disclosed in this Interim Report in the section headed "Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations").
5. The interests that New Hope Holdings Group Co., Ltd., New Hope Group Co., Ltd., Ms. LI Wei and Ms. LIU Chang held in the 1,930,715,189 A shares, as set out in the above table, were the same block of shares.
6. According to the SFO, Giant Investment Co., Ltd. was deemed to have interests in the 713,501,653 H shares held by Alpha Frontier Limited through direct and indirect control over Shanghai Cibi Business Information Consulting Co., Ltd. (上海賜比商務信息諮詢有限公司) and Alpha Frontier Limited. As Mr. SHI Yuzhu (a Non-Executive Director of the Bank) held 97.86% of the issued share capital of Giant Investment Co., Ltd., he was also deemed to have interests in the 713,501,653 H shares of the Bank held by Alpha Frontier Limited (Mr. SHI Yuzhu's interests in shares are disclosed in this Interim Report in the section headed "Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations").
7. The interests that Giant Investment Co., Ltd., Shanghai Cibi Business Information Consulting Co., Ltd. and Alpha Frontier Limited held in the 713,501,653 H shares, as set out in the above table, were the same block of shares.
8. BlackRock, Inc. held a total of long position of 460,457,603 H shares and short position of 82,587,500 H shares of the Bank through several controlled corporations.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

(III) Controlling shareholder and de facto controller

The Bank does not have any controlling shareholder or de facto controller. According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange 《上海證券交易所股票上市規則》, the largest shareholder and its ultimate controller shall comply with corporate governance regulations by referring to the requirements for controlling shareholder and de facto controller. As at the end of the Reporting Period, the top 10 single shareholders of the Bank held an aggregate of 41.69% of the Bank's shares. Dajia Life Insurance Co., Ltd. – Universal Product is the single largest shareholder that held 10.30% of the total shares of the Bank. Dajia Life Insurance Co., Ltd. is the largest shareholder that held an aggregate of 17.84% of the total shares of the Bank. Taking into account the composition of the Board and the concerted action agreements among shareholders that the Bank is aware of, there was no shareholder who could control more than half of the voting rights of the Board or at the shareholders' meeting in accordance with the shareholding percentage, the Articles of Association or any agreements.

(IV) Repurchase, sale or redemption of securities

The Group has neither sold any securities of the Bank nor repurchased or redeemed any securities of the Bank during the Reporting Period (including sale of treasury shares).

(V) Substantial shareholders as at the end of the Reporting Period

1. Substantial shareholders with aggregate shareholding of 5% or more of the Bank were as follows:

- (1) Dajia Life Insurance Co., Ltd.: It was incorporated on 23 June 2010; its registered capital was RMB30,790 million; its unified social credit code is 91110000556828452N; its legal representative is HE Xiaofeng; its controlling shareholder is Dajia Insurance Group Co., Ltd.; the controlling shareholder, the de facto controller and the ultimate beneficiary of Dajia Insurance Group Co., Ltd. is China Insurance Security Fund Co., Ltd.; it has no party acting in concert; its principal business includes: various life insurance businesses such as life insurance, health insurance and accidental injury insurance, reinsurance of the above insurance businesses, insurance fund application business permitted under the PRC laws and regulations, and other businesses approved by the former CIRC. As at the end of the Reporting Period, the shares of the Bank held by Dajia Life Insurance Co., Ltd. had not been pledged.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

(2) New Hope Liuhe Investment Co., Ltd.: It was incorporated on 25 November 2002; its registered capital was RMB576,555,600; its unified social credit code is 91540091744936899C; its legal representative is WANG Pusong; its controlling shareholder is New Hope Liuhe Co., Ltd.; its de facto controller is LIU Yonghao; its ultimate beneficiary is LIU Yonghao; its parties acting in concert are South Hope Industrial Co., Ltd. and New Hope Chemical Investment Co., Ltd.; its principal business includes: venture capital investment (with no engagement in guarantee and real estate business; with no participation in the initiation or management of public or private securities investment funds, or investment in financial derivatives); investment management (excluding financial and brokerage business. Private products or the right to proceeds from private products shall not be raised from, sold, or transferred to non-qualified investors). (Entities that operate the above businesses shall not raise funds, take public deposits, or issue loans in a public manner; shall not publicly traded securities investment products or financial derivatives; and shall not operate financial products, wealth management products and related derivative business); financial advisory (excluding businesses of finance companies); wealth management consultancy, and corporate reorganisation consultancy; market research (excluding state secrets and personal privacy); credit investigation, technology development and transfer, and technology consultancy services (businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities.). As at the end of the Reporting Period, the shares of the Bank held by New Hope Liuhe Investment Co., Ltd. had not been pledged.

South Hope Industrial Co., Ltd.: It was incorporated on 17 November 2011; its registered capital was RMB1,034,313,725; its unified social credit code is 9154009158575152X0; its legal representative is LI Jianxiong; its controlling shareholder is New Hope Group Co., Ltd.; its de facto controller is LIU Yonghao; its ultimate beneficiary is LIU Yonghao; its parties acting in concert are New Hope Liuhe Investment Co., Ltd. and New Hope Chemical Investment Co., Ltd.; its principal business includes: research and development of feeds, wholesale and retail, electronic products, hardware and electrical appliances, daily sundry goods, knitwears and textiles, office equipment (excluding colour copier), building materials (excluding hazardous chemicals and wood materials), agricultural by-products and special products (excluding products specified by the State), chemical products (excluding hazardous chemicals), mechanical equipment, investment and consultancy services (excluding intermediary services). As at the end of the Reporting Period, the shares of the Bank held by South Hope Industrial Co., Ltd. had not been pledged.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

New Hope Chemical Investment Co., Ltd.: It was incorporated on 6 September 2006; its registered capital was RMB2,718,021,791; its unified social credit code is 91510100792171384J; its legal representative is SHAO Jun; its controlling shareholder is New Hope Investment Group Co., Ltd.; its de facto controller is LIU Yonghao; its ultimate beneficiary is LIU Yonghao; its parties acting in concert are New Hope Liuhe Investment Co., Ltd. and South Hope Industrial Co., Ltd.; its principal business includes: research, development, and sales of chemical products (excluding hazardous products); project investment and provision of technical consultancy and after-sales services (excluding finance, securities, and futures) (with no engagement in illegal fund-raising or taking public funds); sales of PVC, fertilisers, packaging materials, agricultural and sideline products, mineral products, chemical raw materials (excluding hazardous materials), feed-grade calcium hydrophosphate, mechanical equipment, steel, building materials, metal materials, environmental protection materials and equipment, rubber products, plastic products, electromechanical products, auxiliary construction materials (excluding paint), hardware and electrical appliances, light textiles, textile raw materials, metal materials (excluding precious and rare metals), household electrical appliances, paper and paper products, and pre-packaged food; import and export of goods and technology. (Businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities.) As at the end of the Reporting Period, the shares of the Bank held by New Hope Chemical Investment Co., Ltd. had not been pledged.

2. In accordance with the Interim Measures on Equity Management of Commercial Banks 《商業銀行股權管理暫行辦法》) under the order of the former CBRC (2018 No. 1), other substantial shareholders of the Bank were as follows:

- (1) Shanghai Giant Lifetech Co., Ltd.: It was incorporated on 12 July 1999; its registered capital was RMB245,400,640; its unified social credit code is 913101041346255243; its legal representative is WEI Wei; its controlling shareholder is Giant Investment Co., Ltd.; its de facto controller is SHI Yuzhu; its ultimate beneficiary is SHI Yuzhu; its parties acting in concert are Alpha Frontier Limited and Liberal Rise Limited; its principal business includes: production and sales of food (through its subsidiaries), sales of cosmetics, cleaning products, healthcare equipment and kitchenware, technology development, consultancy, services and transfer in healthcare food aspect, wholesale of non-physical goods; prepackaged food (excluding cooked or braised and refrigerated or frozen food), investment management, asset management, investment consultancy, business information consultancy and business management consultancy. As at the end of the Reporting Period, Shanghai Giant Lifetech Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 1,379,678,400 ordinary shares, representing 3.15% of the total share capital of the Bank.

Alpha Frontier Limited: It was incorporated on 24 June 2016; its registered capital was USD17.519 thousand; its controlling shareholder is Shanghai Cibi Business Information Consulting Co., Ltd.; its de facto controller is SHI Yuzhu; its ultimate beneficiaries are SHI Yuzhu and SHI Jing; its parties acting in concert are Shanghai Giant Lifetech Co., Ltd. and Liberal Rise Limited; its principal business includes: investment holding. As at the end of the Reporting Period, Alpha Frontier Limited had pledged 38.54% of the shares of the Bank it held, being 275,000,000 ordinary shares, representing 0.63% of the total share capital of the Bank.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Liberal Rise Limited: It was incorporated on 9 January 2018; its registered capital was USD50.0 thousand; its controlling shareholder is Abhaya Limited; its de facto controller is SHI Jing; its ultimate beneficiary is SHI Jing; its parties acting in concert are Shanghai Giant Lifetech Co., Ltd. and Alpha Frontier Limited; its principal business includes: investment holding. As at the end of the Reporting Period, the shares of the Bank held by Liberal Rise Limited had not been pledged.

- (2) Tongfang Guoxin Investment Holding Co., Ltd.: It was incorporated on 23 May 2007; its registered capital was RMB2,574,162,500; its unified social credit code is 91500000660887401L; its legal representative is LIU Qinqin; its largest shareholder is Tongfang Innovation Investment (Shenzhen) Co., Ltd., a wholly-owned subsidiary of Tongfang Co., Ltd., a subsidiary controlled by China Baoyuan Investment Co., Ltd.; it has no controlling shareholder; it has no de facto controller; its ultimate beneficiary is Tongfang Guoxin Investment Holding Co., Ltd.; it has no party acting in concert; its principal business includes: investments with its own funds (excluding financial businesses such as taking public deposits or taking public deposits in any form, extending loans or securities and futures); consultancy services in relation to investment information and policies for its related party companies; transportation facilities maintenance; engineering management services, standardisation services, planning and design management, corporate headquarters management, corporate management, management services of commercial complex, international project contracting and property management. As at the end of the Reporting Period, Tongfang Guoxin Investment Holding Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 1,455,582,321 ordinary shares (all being held by “Tongfang Guoxin Investment Holding Co., Ltd. – special account for pledge of convertible corporate bonds non-publicly issued to professional investors”), representing 3.32% of the total share capital of the Bank.
- (3) China Shipowners Mutual Assurance Association: It was incorporated on 1 January 1984; its registered capital was RMB100,000; its unified social credit code is 51100000500010993L; its legal representative is SONG Chunfeng; it has no controlling shareholder; it has no de facto controller; it has no ultimate beneficiary; it has no party acting in concert; its principal business includes: marine mutual assurance, business training, marine information exchange, international cooperation and consultancy service. As at the end of the Reporting Period, the shares of the Bank held by China Shipowners Mutual Assurance Association had not been pledged.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

- (4) Good First Group Co., Ltd.: It was incorporated on 2 May 1995; its registered capital was RMB133 million; its unified social credit code is 91310000612260305J; its legal representative is WU Di; its controlling shareholder is WONG Hei; its de facto controller is WONG Hei; its ultimate beneficiary is WONG Hei; its parties acting in concert are Xizang Heng Xun Corporate Management Co., Ltd. and Xizang Fujun Enterprise Management Co., Ltd.; its principal business includes: investment activities with self-owned funds; engineering and technology research and experimental development; technology promotion and application services; technology promotion services; sales of construction materials; sales of chemical products (excluding chemical products subject to licensing); sales of knitwears and textiles; sales of knitwears and textiles and raw materials; wholesale and retail of hardware products; sales of metal materials; domestic trade agency; supply chain management services; sales of non-metallic minerals and products; manufacturing of communication devices; manufacturing of electronic components; manufacturing of other electronic devices; manufacturing of special electronic materials; manufacturing of special electronic equipment; wholesale and retail of sporting goods and equipment; sales of digital cultural and creative technology equipment; sales of building decoration materials; sales of mechanical equipment; sales of electronic products; trade brokerage and agency (excluding auctions); trade brokerage; sales of software; information technology consulting services; manufacturing of general parts; manufacturing of other general instruments; manufacturing of electrical equipment; manufacturing of special equipment for electrical machinery; manufacturing of electrical instruments and meters. (Except for businesses subject to approval according to the law, it shall independently carry out business activities according to the business license in compliance with laws). As at the end of the Reporting Period, Good First Group Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 133,200,000 ordinary shares, representing 0.30% of the total share capital of the Bank.

Xizang Heng Xun Corporate Management Co., Ltd.: It was incorporated on 26 December 2014, its registered capital was RMB10 million; its unified social credit code is 91540195321324233N; its legal representative is CHEN Jianjun; its controlling shareholder is Xiamen Gaoxiao Electronic Information Technology Co., Ltd. (廈門高校電子信息技術有限公司); its de facto controller is ZHANG Jianhua; its ultimate beneficiary is ZHANG Jianhua; its parties acting in concert are Good First Group Co., Ltd. and Xizang Fujun Enterprise Management Co., Ltd.; its principal business includes: service of corporate image, marketing and brand planning; exhibition and display services; market research (other than those that involve state secrets and personal privacy); retail of building materials and ancillary materials, and sales of feeds and raw materials, chemical fertilisers, rubber products, chemical raw materials (other than hazardous chemical products and precursor chemicals), and metal materials. As at the end of the Reporting Period, Xizang Heng Xun Corporate Management Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 80,500,000 ordinary shares, representing 0.18% of the total share capital of the Bank.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Xizang Fujie Enterprise Management Co., Ltd.: It was incorporated on 3 May 2016, its registered capital was RMB300 million; its unified social credit code is 91540195MA6T1A2K32; its legal representative is CHEN Jianjun; its controlling shareholder is Xiamen Gaoxiao Electronic Information Technology Co., Ltd.; its de facto controller is ZHANG Jianhua; its ultimate beneficiary is ZHANG Jianhua; its parties acting in concert are Good First Group Co., Ltd. and Xizang Heng Xun Corporate Management Co., Ltd.; its principal business includes: enterprise management; enterprise management consulting; corporate image planning; marketing planning; conference and exhibition services; market research (excluding foreign-related research). As at the end of the Reporting Period, Xizang Fujie Enterprise Management Co., Ltd. had pledged over 50% of the shares of the Bank it held, being 52,700,000 ordinary shares, representing 0.12% of the total share capital of the Bank.

(VI) From the end of the Reporting Period to the disclosure date of this Report, new substantial shareholders of the Bank were as follows:

Shenzhen Liye Group Co., Ltd.: It was incorporated on 13 April 1995, its registered capital was RMB10,000 million; its unified social credit code is 91440300192329539C; its legal representative is LIN Li; its controlling shareholder is LIN Li; its de facto controller is LIN Li; its ultimate beneficiary is LIN Li; its party acting in concert is Hong Kong Liye Group Co., Ltd.; its principal business includes: investment in the electric power industry, the new energy industry, and high-tech projects (specific projects to be reported separately); domestic commerce and the supply and marketing of materials (excluding commodities under exclusive operation, commodities under exclusive control and commodities under exclusive sales); economic information consulting (excluding restricted items); technology development of computer software and communication products; technology development and sales of new metallic and non-metallic materials, as well as other forms of domestic trade; technology development and consulting related to biopharmaceutical science and technology; industrial design services; power generation technology services; energy storage technology services; technology service, development, consulting, exchange, transfer, and promotion. (Except for businesses subject to approval according to the law, it shall independently carry out business activities according to the business license in compliance with laws). As at the end of the Reporting Period, Shenzhen Liye Group Co., Ltd. had pledged 47.99% of the shares of the Bank it held, being 944,000,000 ordinary shares, representing 2.16% of the total share capital of the Bank.

Hong Kong Liye Group Co., Ltd.: It was incorporated on 28 November 2003, its registered capital was HKD10.0 thousand; its controlling shareholder is Shenzhen Liye Group Co., Ltd.; its de facto controller is LIN Li; its ultimate beneficiary is LIN Li; its party acting in concert is Shenzhen Liye Group Co., Ltd.; its principal business nature is investment. As at the end of the Reporting Period, the shares of the Bank held by Hong Kong Liye Group Co., Ltd. had not been pledged.

(VII) Pledge and freezing of ordinary shares

As at the end of the Reporting Period, according to the A Share Register, 118,433,618 shares of the Bank were under judicial freezing and 1,311,632,512 shares were under judicial marking. According to the Articles of Association, the voting rights at the shareholders' meetings of the substantial shareholders who pledged 50% or more of the shares of the Bank they held, as well as the voting rights at the Board meetings of the directors they appointed, have been restricted.

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

IV. Information on Preference Shares

(I) Issuance and listing of preference shares during the Reporting Period

During the Reporting Period, the Bank had no issuance or listing of preference shares.

(II) Number of holders of preference shares and particulars of shareholding

As at the end of the Reporting Period, the number of holders of preference shares (or nominees) of the Bank was 56.

As at the end of the Reporting Period, particulars of shareholding of the top 10 holders (or nominees) of preference shares of the Bank are set out as follows:

Name of shareholder	Type of shareholder	Class of shares	Changes over the Reporting Period (share)	Shareholding percentage (%)	Total number of shares held (share)	Number of shares held subject to restriction on sales	Number of shares pledged or frozen
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – General Insurance Product	Other	Domestic preference share	–	7.00	14,000,000	–	Nil
China Resources SZITIC Trust Co., Ltd. – CR Trust • Rui An No. 6 Collective Fund Trust Plan	Other	Domestic preference share	–	6.00	12,000,000	–	Nil
China Life Insurance Company Limited – Traditional – General Insurance Product – 005L – CT001SH	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Ping An Property & Casualty Insurance Company of China, Ltd. – Self-Owned Funds	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Taiping Life Insurance Co., Ltd. – Traditional – General Insurance Product – 022L – CT001SH	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Guotai Junan Securities Asset Management – Futong • Rixin H14001 RMB Wealth Management Product – Guojun Asset Management 0638 Targeted Asset Management Contract	Other	Domestic preference share	–	5.00	10,000,000	–	Nil
Hwabao Trust Co., Ltd. – Hwabao Trust – Multi-Strategy Youying No. 2 Securities Investment Collective Fund Trust Plan	Other	Domestic preference share	–	4.69	9,380,000	–	Nil
Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 23 Collective Asset Management Plan	Other	Domestic preference share	–	4.16	8,310,000	–	Nil
China Credit Trust Co., Ltd. – China Credit Trust – Baofu No. 11 Collective Fund Trust Plan	Other	Domestic preference share	–	3.67	7,332,000	–	Nil
Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 24 Collective Asset Management Plan	Other	Domestic preference share	–	3.53	7,050,000	–	Nil

CHAPTER 4 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

Notes:

1. The number of shares held by the holders of domestic preference shares was recorded in accordance with the register of holders of domestic preference shares of the Bank.
2. "Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – General Insurance Product" and "Ping An Property & Casualty Insurance Company of China, Ltd. – Self-Owned Funds" have a related relationship. "Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 23 Collective Asset Management Plan" and "Everbright Securities Asset Management – Bohai Bank – EBSAM Xinyou No. 24 Collective Asset Management Plan" have a related relationship. Save as disclosed above, the Bank does not know if there is any related relationship or concerted action among the above holders of domestic preference shares or among the above holders of domestic preference shares and the top 10 holders of ordinary shares.
3. "Shareholding percentage" refers to the proportion of shares held by the holders of domestic preference shares to the total number of domestic preference shares of the Bank.

(III) Distribution of dividends of preference shares

During the Reporting Period, no dividends of preference shares of the Bank had been distributed.

(IV) Repurchase or conversion of preference shares

During the Reporting Period, no preference shares of the Bank had been repurchased or converted.

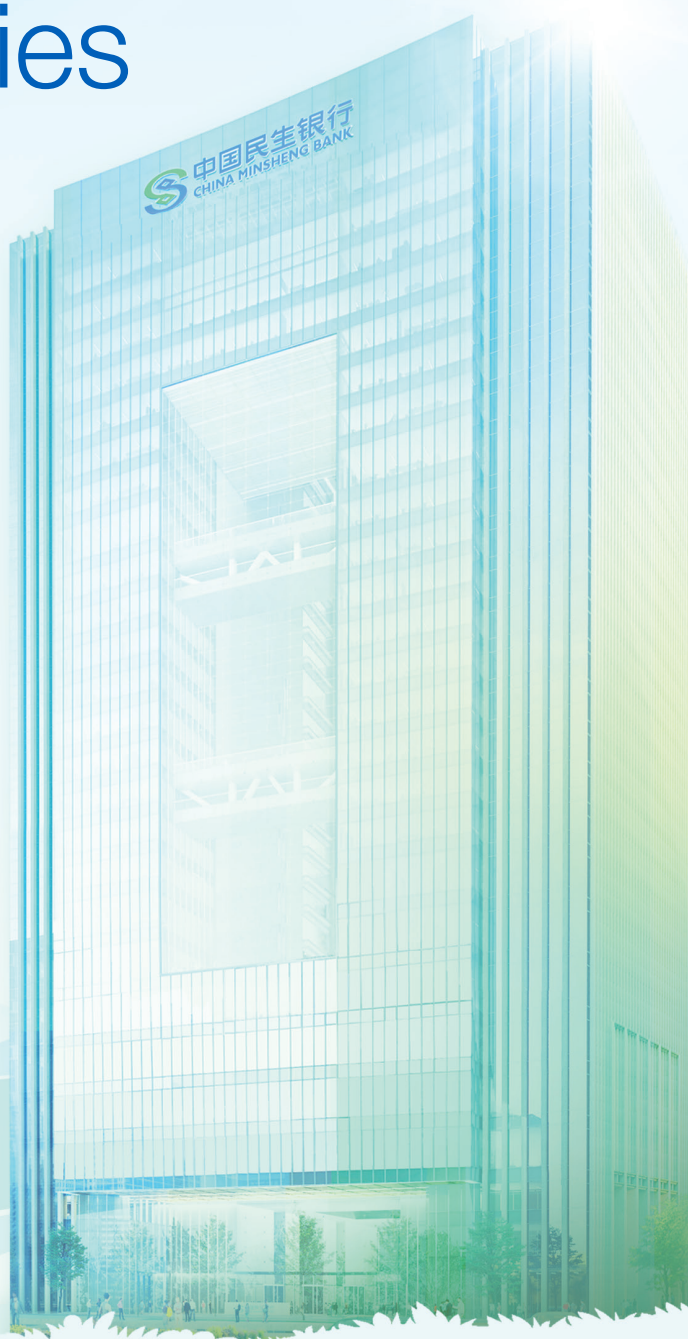
(V) Recovery of voting rights of preference shares

During the Reporting Period, no voting rights of preference shares of the Bank had been restored.

(VI) Accounting policies for preference shares and the underlying reasons

According to the rules promulgated by the Ministry of Finance, such as the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments 《企業會計準則第 37 號 – 金融工具列報》, there was no need for the issued and existing domestic preference shares of the Bank to be settled through delivery of cash or other financial assets or exchange of financial assets or financial liabilities. In the future, the Bank will have no obligation to deliver a variable quantity of its equity instruments. Therefore, the domestic preference shares are accounted as other equity instruments.

Corporate Governance, Environmental and Social Responsibilities



CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. Corporate Governance Overview

During the Reporting Period, the Bank strictly complied with laws and regulations and regulatory requirements, and continued to strengthen the organic integration of Party's leadership and corporate governance. The Bank optimised corporate governance structure, and the shareholders' meeting approved the proposal on cancellation of the Board of Supervisors and amendments to the Articles of Association. The Board of Supervisors will be legally cancelled upon the date of approval by the NFRA of the revised Articles of Association when it becomes effective. Before the formal cancellation of the Board of Supervisors, the 9th session of the Board of Supervisors and the Supervisors shall continue to perform their duties according to laws and regulations, as well as the Articles of Association and the rules and regulations of the Bank.

The Board of Directors resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, perfected its operation mechanism, improved its institutional system, optimised its member composition, and constantly enhanced the scientificity and effectiveness of its decisions. The Board of Directors gave full play to the role of Independent Directors, and conducted risk management assessment, internal control management and other surveys at branches and sub-branches. It held special meetings between the Chairman and Independent Directors and special meetings of Independent Directors, considered matters concerning related party transactions that should be disclosed, issued independent opinions on the compensation of Directors and Senior Management, nomination of candidates for Directors, profit distribution and other matters, listened to special reports on market value management, retail business and other topics, and efficiently supervised the implementation of relevant opinions and suggestions proposed by Independent Directors.

During the Reporting Period, the corporate governance of the Bank had been in line with the requirements of laws, administrative regulations as well as the provisions of regulatory authorities regarding governance of listed companies.

II. Meetings of the Board of Directors and Its Special Committees

During the Reporting Period, six Board meetings were convened to consider a total of 58 proposals, and to receive briefings on and study 54 special work reports. The Strategic Development and Consumer Rights Protection Committee, the Nomination Committee, the Compensation and Remuneration Committee, the Audit Committee, the Related Party Transactions Supervision Committee and the Risk Management Committee under the Board convened a total of 25 meetings to consider 79 proposals and to receive briefings on and study 50 special work reports.

III. Meetings of the Board of Supervisors and Its Special Committees

During the Reporting Period, four meetings (including one non-decision-making meeting) of the Board of Supervisors were convened to consider a total of 20 proposals, and to review 67 reports. A total of two meetings of the Special Committees of the Board of Supervisors were convened, including one meeting of the Supervisory Committee with two matters considered and reviewed, and one meeting of the Nomination and Examination Committee with five proposals considered.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

IV. Directors, Supervisors and Senior Management

(I) As at the disclosure date of this Report, the list of the Directors, Supervisors and Senior Management of the Bank is as follows:

Name	Gender	Year of birth	Position	Term of office	Shares held at the beginning of the Reporting Period (share)	Shares held at the end of the Reporting Period (share)
GAO Yingxin	M	1962	Chairman & Executive Director	July 2020 – 2027 election	500,000	500,000
LIU Yonghao	M	1951	Vice Chairman & Non-Executive Director	June 2009 – 2027 election	–	–
WANG Xiaoyong	M	1970	Vice Chairman & Executive Director	August 2024 – 2027 election	–	–
			President	April 2024 – 2027 election		
SHI Yuzhu	M	1962	Non-Executive Director	March 2017 – 2027 election	–	–
SONG Chunfeng	M	1969	Non-Executive Director	March 2017 – 2027 election	–	–
ZHAO Peng	M	1973	Non-Executive Director	June 2021 – 2027 election	–	–
LIANG Xinjie	M	1977	Non-Executive Director	January 2025 – 2027 election	–	–
LIN Li	M	1963	Non-Executive Director	July 2025 – 2027 election	–	–
QU Xinjiu	M	1964	Independent Director	March 2021 – 2027 election	–	–
WEN Qiuju	F	1965	Independent Director	August 2023 – 2027 election	–	–
SONG Huanzheng	M	1968	Independent Director	August 2023 – 2027 election	–	–
YEUNG Chi Wai, Jason	M	1955	Independent Director	October 2023 – 2027 election	–	–
CHENG Fengchao	M	1959	Independent Director	February 2024 – 2027 election	–	–
LIU Hanxing	M	1973	Independent Director	March 2024 – 2027 election	–	–
ZHANG Juntong	M	1974	Executive Director	August 2024 – 2027 election	350,000	350,000
			Executive Vice President	May 2024 – 2027 election		
WENG Zhenjie	M	1962	Vice Chairman of the Board of Supervisors & Shareholder Supervisor	June 2024 – 2027 election	–	–
WU Di	M	1965	Shareholder Supervisor	June 2024 – 2027 election	–	–
LU Zhongnan	M	1955	External Supervisor	June 2024 – 2027 election	–	–
LI Yu	M	1974	External Supervisor	June 2024 – 2027 election	–	–
LONG Ping	M	1971	Employee Supervisor	June 2024 – 2027 election	–	–
MAO Bin	M	1969	Employee Supervisor	December 2024 – 2027 election	–	–
LI Bin	F	1967	Executive Vice President	January 2017 – 2027 election	350,000	350,000
			Board Secretary	February 2024 – 2027 election		
LIN Yunshan	M	1970	Executive Vice President	January 2017 – 2027 election	350,000	350,000
HUANG Hongri	M	1972	Executive Vice President	May 2024 – 2027 election	–	–
LI Wenshi	M	1977	Executive Vice President	August 2025 – 2027 election	–	–
ZHANG Bin	M	1967	Chief Information Officer	November 2021 – 2027 election	–	–
GONG Zhijian	M	1967	Business Director	May 2024 – 2027 election	–	–

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Notes:

1. According to the regulations of the CSRC, the commencement date of the terms of office of re-elected Directors, Supervisors and Senior Management in the above table shall be calculated from the date of their first appointment and qualification approval.
2. Directors, Supervisors and Senior Management both incumbent and outgoing during the Reporting Period witnessed no changes to their shares held at the Bank during the Reporting Period. Mr. SHI Jie, former Executive Vice President of the Bank (retired upon reaching the prescribed age in July 2025), witnessed no changes to his shares held at the Bank during the Reporting Period.

(II) Appointment and resignation of Directors, Supervisors and Senior Management

Directors

1. In January 2025, the qualification of Mr. LIANG Xinjie as a Director was approved by the NFRA.
2. In March 2025, due to personal health reasons, Mr. ZHANG Hongwei resigned from the positions of a Vice Chairman and a Non-Executive Director, as well as a member of the Strategic Development and Consumer Rights Protection Committee and the Nomination Committee of the Board of the Bank.
3. In June 2025, Mr. ZHENG Haiyang was elected as a Non-Executive Director of the Bank at the 2024 Annual Shareholders' Meeting of the Bank, and he will formally take office upon the approval on his qualification as a Director by the NFRA.
4. In July 2025, the qualification of Mr. LIN Li as a Director was approved by the NFRA.

Senior Management

1. In July 2025, Mr. SHI Jie resigned from the position of an Executive Vice President of the Bank due to retirement upon reaching the prescribed age.
2. In July 2025, the Board of Directors of the Bank appointed Mr. LI Wenshi as an Executive Vice President of the Bank, and his qualification was approved by the NFRA in August 2025.

(III) Changes in information of Directors and Supervisors

1. Mr. LIU Yonghao, a Vice Chairman of the Bank, ceased to serve as a director of New Hope Liuhe Co., Ltd.
2. Mr. ZHAO Peng, a Non-Executive Director of the Bank, ceased to serve as a director of Sino-Ocean Group Holding Limited.
3. Ms. WEN Qiuju, an Independent Director of the Bank, ceased to serve as a managing partner of Da Hua Certified Public Accountants LLP.
4. Mr. WENG Zhenjie, a Vice Chairman of the Board of Supervisors of the Bank, ceased to serve as the chairman of GuoDu Securities Co., Ltd.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(IV) Interests of the Directors, Supervisors and chief executives in the securities of the Bank or its associated corporations under Hong Kong laws and regulations

1. As at 30 June 2025, the following Directors of the Bank had the following interests or short positions in the shares of the Bank as recorded in the register required to be kept by the Bank pursuant to Section 336 of the SFO and as the Bank is aware of:

Name	Position	Class of shares	Long/short position	Capacity	Number of shares (share)	Notes	Percentage of the relevant class of shares in issue (%)	Percentage of all the issued ordinary shares (%)
GAO Yingxin	Executive Director	A	Long position	Beneficial owner	200,000		0.0006	0.0005
		H	Long position	Beneficial owner	300,000		0.0036	0.0007
ZHANG Juntong	Executive Director	A	Long position	Beneficial owner	150,000		0.0004	0.0003
		H	Long position	Beneficial owner	200,000		0.0024	0.0005
LIU Yonghao	Non-Executive Director	A	Long position	Interest held by his controlled corporation(s)	1,930,715,189	1	5.44	4.41
		H	Long position	Interest held by his controlled corporation(s)	370,789,500	2	4.46	0.85
SHI Yuzhu	Non-Executive Director	A	Long position	Interest held by his controlled corporation(s)	1,379,679,587	3	3.89	3.15
		H	Long position	Interest held by his controlled corporation(s)	713,501,653	4	8.58	1.63

Notes:

- The 1,930,715,189 A shares comprised 102,387,827 A shares held by South Hope Industrial Co., Ltd. and 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. According to the SFO, New Hope Holdings Group Co., Ltd. was deemed to be interested in the 102,387,827 A shares held by South Hope Industrial Co., Ltd. and 1,828,327,362 A shares held by New Hope Liuhe Investment Co., Ltd. through direct and indirect control over several enterprises. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the 1,930,715,189 A shares as mentioned above.

Such interests held by Mr. LIU Yonghao and the interests held by New Hope Holdings Group Co., Ltd., New Hope Group Co., Ltd., Ms. LI Wei and Ms. LIU Chang, the details of which are disclosed in the section headed "Substantial shareholders' and other persons' interests or short positions in the shares and underlying shares of the Bank under Hong Kong laws and regulations" in this Interim Report, were the same block of shares.

- The 370,789,500 H shares comprised 302,789,500 H shares held by South Hope Industrial Co., Ltd. and 68,000,000 H shares held by New Hope Chemical Investment Co., Ltd. According to the SFO, New Hope Holdings Group Co., Ltd. was deemed to be interested in the 302,789,500 H shares held by South Hope Industrial Co., Ltd. and 68,000,000 H shares held by New Hope Chemical Investment Co., Ltd. through direct and indirect control over several enterprises. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the 370,789,500 H shares as mentioned above.
- The 1,379,679,587 A shares were held by Shanghai Giant Lifetech Co., Ltd. According to the SFO, Giant Investment Co., Ltd. had control over Shanghai Giant Lifetech Co., Ltd. As Mr. SHI Yuzhu held 97.86% of the issued share capital of Giant Investment Co., Ltd., he was deemed to be interested in the 1,379,679,587 A shares as mentioned above.
- The 713,501,653 H shares were held by Alpha Frontier Limited. According to the SFO, Shanghai Cibi Business Information Consulting Co., Ltd. had control over Alpha Frontier Limited. Giant Investment Co., Ltd. (see note 3 above) was deemed to be interested in the 713,501,653 H shares held by Alpha Frontier Limited through its control over Shanghai Cibi Business Information Consulting Co., Ltd.
- According to the SFO, Mr. LIN Li, a Non-Executive Director of the Bank, was deemed to be interested in the 1,966,999,113 A shares held by Shenzhen Liye Group Co., Ltd. and the 199,310,000 H shares held by Hong Kong Liye Group Co., Ltd. through control over Shenzhen Liye Group Co., Ltd. and Hong Kong Liye Group Co., Ltd.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. As at 30 June 2025, the following Director of the Bank had the following interests in Pengzhou Minsheng Rural Bank Co., Ltd. (a subsidiary of the Bank):

Name	Position	Long/short position	Capacity	Contribution to the registered capital	Note	Percentage of the total registered capital (%)
LIU Yonghao	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB2,000,000	1	3.64

Note:

1. New Hope Group Co., Ltd. is interested in RMB2 million of the registered capital of Pengzhou Minsheng Rural Bank Co., Ltd. New Hope Holdings Group Co., Ltd. was deemed to be interested in the equity interest held by New Hope Group Co., Ltd. in Pengzhou Minsheng Rural Bank Co., Ltd. through direct control over New Hope Group Co., Ltd. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the equity interest held by New Hope Group Co., Ltd. in Pengzhou Minsheng Rural Bank Co., Ltd. according to the SFO.

3. As at 30 June 2025, the following Director of the Bank had the following interests in Shanghai Songjiang Minsheng Rural Bank Co., Ltd. (a subsidiary of the Bank):

Name	Position	Long/short position	Capacity	Contribution to the registered capital	Note	Percentage of the total registered capital (%)
SHI Yuzhu	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB24,000,000	1	10

Note:

1. Shanghai Giant Lifetech Co., Ltd. is interested in RMB24 million of the registered capital of Shanghai Songjiang Minsheng Rural Bank Co., Ltd. Mr. SHI Yuzhu held 97.86% of the issued share capital of Giant Investment Co., Ltd., which had control over Shanghai Giant Lifetech Co., Ltd. Mr. SHI Yuzhu was deemed to be interested in the equity interest held by Shanghai Giant Lifetech Co., Ltd. in Shanghai Songjiang Minsheng Rural Bank Co., Ltd. according to the SFO.

4. As at 30 June 2025, the following Directors of the Bank had the following interests in Xizang Linzhi Minsheng Rural Bank Co., Ltd. (a subsidiary of the Bank):

Name	Position	Long/short position	Capacity	Contribution to the registered capital	Note	Percentage of the total registered capital (%)
SHI Yuzhu	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB2,500,000	1	2.83
LIU Yonghao	Non-Executive Director	Long position	Interest held by his controlled corporation(s)	RMB1,500,000	2	1.7

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Notes:

1. Shanghai Giant Lifetech Co., Ltd. is interested in RMB2.5 million of the registered capital of Xizang Linzhi Minsheng Rural Bank Co., Ltd. Mr. SHI Yuzhu held 97.86% of the issued share capital of Giant Investment Co., Ltd., which had control over Shanghai Giant Lifetech Co., Ltd. Mr. SHI Yuzhu was deemed to be interested in the equity interest held by Shanghai Giant Lifetech Co., Ltd. in Xizang Linzhi Minsheng Rural Bank Co., Ltd. according to the SFO.
2. South Hope Industrial Co., Ltd. is interested in RMB1.5 million of the registered capital of Xizang Linzhi Minsheng Rural Bank Co., Ltd. New Hope Holdings Group Co., Ltd. was deemed to be interested in the equity interest held by South Hope Industrial Co., Ltd. in Xizang Linzhi Minsheng Rural Bank Co., Ltd. through direct and indirect control over New Hope Group Co., Ltd. and South Hope Industrial Co., Ltd. As Mr. LIU Yonghao had control over New Hope Holdings Group Co., Ltd., he was deemed to be interested in the equity interest held by South Hope Industrial Co., Ltd. in Xizang Linzhi Minsheng Rural Bank Co., Ltd. according to the SFO.

Save as disclosed above, as far as the Bank is aware, as at the end of the Reporting Period, none of other Directors, Supervisors or chief executives held or was deemed to hold any interests and/or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in the SFO), which were recorded in the register required to be kept under Section 352 of the SFO, or which were required to be notified to the Bank and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, nor had any Directors, Supervisors or chief executives been granted such rights.

(V) Securities transactions by Directors, Supervisors and relevant employees

The Bank has adopted its own code of conduct of the Directors and the Supervisors regarding transactions in securities, on terms no less exacting than the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules. The Bank has made specific enquiries to all Directors and Supervisors who have confirmed that they have complied with the above-mentioned code during the Reporting Period. The Bank also formulated the guidelines for dealings in securities of the Bank by employees, which are no more lenient than the Model Code. The Bank is not aware of any non-compliance with these guidelines by the relevant employees.

(VI) Administrative penalties imposed on the Bank and Directors, Supervisors, Senior Management and controlling shareholders of the Bank

As far as the Bank is aware, during the Reporting Period, the Bank was not subject to any investigation by the competent authorities according to law due to suspected crime; neither the Bank nor any of its Directors, Supervisors or Senior Management was subject to criminal penalty, nor was any of them subject to investigation or administrative penalty by the CSRC due to suspected violation of laws and regulations, or subject to material administrative penalty by other competent authorities; none of the Directors, Supervisors or Senior Management of the Bank was subject to mandatory measures according to law due to suspected crime; none of the Directors, Supervisors or Senior Management of the Bank was detained by discipline inspection and supervision authorities due to severe violation of disciplines and laws or duty-related crimes, which then affected their performance of duties; none of the Directors, Supervisors or Senior Management of the Bank was subject to mandatory measures imposed by other competent authorities due to suspected violation of laws and regulations, which then affected their performance of duties.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

V. Employees

As at the end of the Reporting Period, the Group had 62,044 employees, of which 59,279 were employees of the Bank and 2,765 were employees of the subsidiaries of the Bank. Divided by work nature, 6,176 employees were categorised as employees in management posts and 53,103 employees as employees in professional posts⁶. The Bank had 25,503 male employees and 33,776 female employees, accounting for 43.0% and 57.0%, respectively. 13,263 employees had graduate degree or above, accounting for 22.4%, 43,720 employees had bachelor's degree, accounting for 73.8%, and 2,296 employees had college degree or below, accounting for 3.9%. 1,414 employees of the Bank had retired. As at the end of the Reporting Period, the number of employees of Minsheng Financial Leasing, Minsheng Royal Fund, CMBC International, CMBC Wealth Management and Minsheng rural banks were 321, 276, 150, 267 and 1,751, respectively.

The guiding principles of human resources and remuneration policies of the Bank are: Focusing on business development strategies and mid- to long-term development goals, the Bank strives to establish high-quality strategic talent teams with adequate members and reasonable structure. Centring on value creation and key businesses, the Bank puts emphasis on improving the internal income distribution structure, and constantly optimises the remuneration and incentive mechanism with value creation as the core. At the same time, it establishes a remuneration mechanism that remuneration and incentives match with risks, and strengthens the restraining role of remuneration and incentive policies in risk management and control, so as to continuously push forward high-quality development.

By centring on value creation, the Bank followed the remuneration management principles of "setting up job positions as needed, setting remuneration according to job positions, changing remuneration when changing job positions, and getting paid according to performance", and put in place the job position-based remuneration management system. The total annual remunerations of employees of the Bank are determined after comprehensively considering the total number and structure of employees, development of young employees, risk control, operating results and other factors. The remuneration of employees is composed of basic remuneration, performance-based remuneration and welfare, of which, the performance-based remuneration is pegged to the comprehensive performance of the business unit (department) and themselves, in an aim to strengthen operating results orientation and encourage value creation. In terms of evaluation indicators, key performance indicators, such as sustainable development, customer base, risk control, economic efficiency and social responsibility, are set up to align the remuneration with operating results, risk prevention and social responsibilities. The Bank continued to optimise income distribution structure, increase the competitiveness of remunerations of frontline employees and young talents, so as to cultivate a professional backbone force for the sustainable and high-quality development of the Bank.

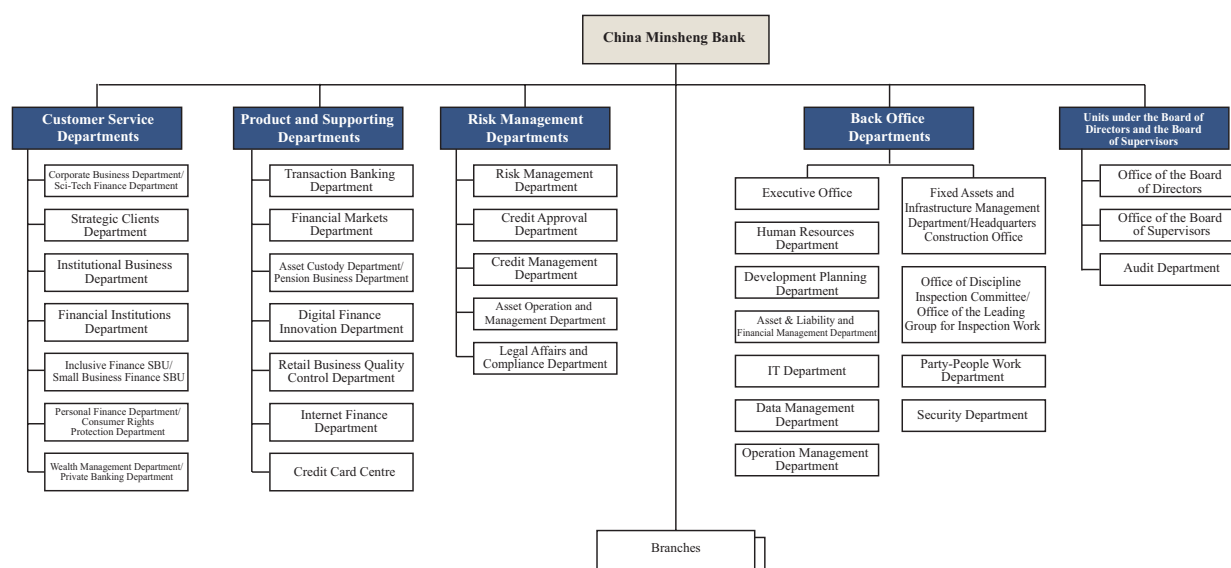
⁶ Professional posts include posts concerning product research and development, risk management, IT and operation support, etc.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In order to improve the incentive and restraint mechanism for performance-based remuneration, give full play to its guiding role in corporate governance and risk management and control, strike a balance between current and long-term development as well as benefits and risks, and prevent radical operation behaviours and violations of laws and regulations, the Bank sets up the mechanism for deferred payment, recourse and recovery of performance-based remuneration regarding the Senior Management, employees in key posts and employees in posts having significant impact on risks. During the Reporting Period, according to the requirements of the relevant regulations, the Board of Directors reviewed the report on the recourse and recovery of performance-based remuneration of the whole bank, including the construction of the recourse and recovery of performance-based remuneration mechanism of the whole bank, and the implementation of the recourse and recovery of performance-based remuneration in the case of violations of laws, regulations and disciplines, occurrence of abnormal risk exposure, or major risk incidents, etc.

The Bank's training programs focused on strategic and cultural publicity, risk and compliance training, professional knowledge and skill enhancement, as well as management and leadership development. A layered and classified training system has been established that covers employees of both professional and managerial sequences. During the Reporting Period, guided by the idea of "enhancing mid- and senior-level management capabilities, driving core business growth in an in-depth manner, and comprehensively supporting high-quality team development", the Bank pursued the objectives of "developing a pool of internal instructors, extracting a series of practical cases, and creating a series of brand courses". The Bank further refined the empowerment system, and iterated and optimised the learning map to support the step-by-step and sustainable improvement of employee capabilities. The Bank strengthened strategy publicity, and organised the "Strategy Execution Lecture (戰略執行大講堂)" to facilitate the implementation of strategies. The Bank focused on cultivating capabilities of key talent groups, and implemented the training programmes for young managerial talent, for tier-2 branch presidents and sub-branch presidents under the "Subbase Project (支點工程)", and for cross-border talent. The Bank took "data capability" as an entry point to establish a graded certification system for data analysts to cultivate a talent team with integration of business and data. The Bank also reinforced the risk and compliance awareness and embedded related courses into various training scenarios. By continuously consolidating the foundation of training and improving training quality and efficiency, the Bank provided strong support for the high-quality development of the whole bank.

VI. Setting of Departments of the Bank



CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

VII. Business Network

As at the end of the Reporting Period, the Bank had 41 tier-1 branches and 105 tier-2 branches (including remote sub-branches) in the Chinese mainland, as well as two tier-1 branches outside the Chinese mainland. The total number of branch-level business outlets was 148.

Major branches of the Bank as at the end of the Reporting Period are shown as follows:

Name of branch	Number of outlets	Headcount	Total assets (in RMB million, excluding deferred income tax assets)	Address
Head Office	1	12,520	3,290,096	No. 2 Fuxingmennei Avenue, Xicheng District, Beijing
Beijing Branch	173	4,267	954,057	Unit 02 on 1/F & 3/F-12/F, Tower B, Zhaotai International Centre, No. 10 Chaoyangmen Nan Avenue, Chaoyang District, Beijing
Shanghai Branch	98	2,777	510,234	No. 100 Pudong Nan Road, Pudong New Area, Shanghai
Guangzhou Branch	109	2,794	340,035	Minsheng Tower, No. 68 Liede Avenue, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province
Shenzhen Branch	60	1,968	258,346	Minsheng Finance Tower, Haitian Road, Futian District, Shenzhen, Guangdong Province
Wuhan Branch	84	1,584	95,044	China Minsheng Bank Tower, No. 396 Xinhua Road, Jianghan District, Wuhan, Hubei Province
Taiyuan Branch	110	1,549	131,445	Block 3, Tower B, Shanxi International Finance Centre, No. 426 Nanzhonghuan Street, Xiaodian District, Taiyuan, Shanxi Province
Shijiazhuang Branch	123	2,040	135,387	Minsheng Bank Tower, No. 197 Yuhua Dong Road, Chang'an District, Shijiazhuang, Hebei Province
Dalian Branch	44	842	58,736	No. 52 and No. 54 Renmin Dong Road, Zhongshan District, Dalian, Liaoning Province
Nanjing Branch	169	3,423	388,745	Minsheng Bank, Block One, Zijin Finance Centre, No. 399 Jiangdong Zhong Road, Jianye District, Nanjing, Jiangsu Province
Hangzhou Branch	90	2,038	269,393	Block Jinzun, Zunbao Mansion, No. 98 Shimin Street, Qianjiang New Town, Shangcheng District, Hangzhou, Zhejiang Province
Chongqing Branch	96	1,354	135,074	Tongjuyuanjing Building, No. 9 Jianxin Bei Road, Jiangbei District, Chongqing
Xi'an Branch	95	1,413	96,417	Minsheng Bank, Building 5, Taihua Jinmao International, No. 16, Fenghui Nan Road, Gaoxin District, Xi'an, Shaanxi Province
Fuzhou Branch	44	944	58,870	No. 282 Hudong Road, Fuzhou, Fujian Province

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of branch	Number of outlets	Headcount	Total assets (in RMB million, excluding deferred income tax assets)	Address
Jinan Branch	123	2,032	145,508	Bo'ao Building, No. 12376 Jingshi Road, Yaojia Sub-district, Lixia District, Jinan, Shandong Province
Ningbo Branch	38	719	63,762	No. 815 Juxian Road, Gaoxin District, Ningbo, Zhejiang Province
Chengdu Branch	111	1,608	169,968	China Minsheng Tower, No. 535 Jiaozi Avenue, Gaoxin District, Chengdu, Sichuan Province
Tianjin Branch	49	978	90,365	China Minsheng Bank Tower, No. 43 Jianshe Road, Heping District, Tianjin
Kunming Branch	67	944	83,531	No. 11800 Caiyun Bei Road, Kunming, Yunnan Province
Quanzhou Branch	42	656	41,795	No. 110 Binhai Street, Fengze District, Quanzhou, Fujian Province
Suzhou Branch	34	1,112	120,668	Minsheng Finance Tower, Block 23, Times Square, Industrial Park, Suzhou, Jiangsu Province
Qingdao Branch	52	941	77,030	No. 190 Hai'er Road, Laoshan District, Qingdao, Shandong Province
Wenzhou Branch	25	608	71,954	Minsheng Bank, Finance Tower, No. 1 Huaijiang Road, Lucheng District, Wenzhou, Zhejiang Province
Xiamen Branch	30	531	38,226	Xiamen Minsheng Bank Tower, No. 50 Hubin Nan Road, Xiamen, Fujian Province
Zhengzhou Branch	106	1,540	134,052	Minsheng Bank Tower, No. 1 CBD Shangwu Waihuan Road, Zhengdong New District, Zhengzhou, Henan Province
Changsha Branch	39	1,042	76,738	Minsheng Tower, No. 189 Binjiang Road, Yuelu District, Changsha, Hunan Province
Changchun Branch	25	577	22,031	Minsheng Tower, No. 500 Changchun Avenue, Nangan District, Changchun, Jilin Province
Hefei Branch	74	1,009	93,936	1-4/F & 6-22/F, Yinbao Building, Intersection of Wuhu Xi Road and Jinzhai Road, Shushan District, Hefei, Anhui Province
Nanchang Branch	43	666	64,617	No. 545, Huizhan Road, Honggutan New District, Nanchang, Jiangxi Province
Shantou Branch	31	523	35,762	1-9/F, Block 2, Baoneng Times Bay, No. 1 Shangang Road, Shantou, Guangdong Province
Nanning Branch	44	655	66,282	1-3/F, 3M/F, 30-31/F and 36/F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Nanning, Guangxi Zhuang Autonomous Region

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Name of branch	Number of outlets	Headcount	Total assets (in RMB million, excluding deferred income tax assets)	Address
Hohhot Branch	26	469	38,815	China Minsheng Bank Tower, Block C, Oriental Junzuo, No. 20 Chilechuan Avenue, Saihan District, Hohhot, Inner Mongolia Autonomous Region
Shenyang Branch	46	531	25,444	No. 65 Nanjing Bei Street, Heping District, Shenyang, Liaoning Province
Hong Kong Branch	1	294	215,563	Flat 3701-02, 3712-16, 37/F and 40/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Guiyang Branch	38	543	53,288	Block 8, Tianyi International Plaza, No. 33 Changling Nan Road, Gaoxin District, Guiyang, Guizhou Province
Haikou Branch	15	223	11,222	Zhonghuan International Plaza, No. 77 Binhai Avenue, Longhua District, Haikou, Hainan Province
Lhasa Branch	5	160	13,451	No. 1, 1/F, Block F1, Hailiang Shiji Xincheng Phase 2.1, No. 11 Beijing Avenue, Liuwu New Area, Lhasa, Xizang Autonomous Region
Shanghai Pilot Free Trade Zone Branch	1	121	84,905	40-41/F, No. 100 Pudong Nan Road, Pudong New Area, Shanghai
Harbin Branch	17	376	32,514	1-6/F, Zone One, Olympic Centre, No. 11 Aijian Road, Daoli District, Harbin, Heilongjiang Province
Lanzhou Branch	12	280	22,078	1-4/F, Gansu Daily Press Plaza, No. 123 Baiyin Road, Chengguan District, Lanzhou, Gansu Province
Urumqi Branch	11	251	23,712	No. 314, Yangziji Road, Saybagh District, Urumqi, Xinjiang Uygur Autonomous Region
Xining Branch	7	155	9,018	1-4/F, Annex Building of Telecom Industrial Tower, No. 102 Kunlun Zhong Road, Chengzhong District, Xining, Qinghai Province
Yinchuan Branch	10	193	16,292	Minsheng Bank Tower, No. 106 Shanghai Xi Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region
London Branch	1	29	2,364	23rd Fl 20 Fenchurch Street, London, UK
Inter-region adjustment	–	–	-1,193,201	
Total	2,419	59,279	7,473,569	

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Notes:

1. The number of institutions includes the Head Office, tier-1 branches, tier-2 branches (including remote sub-branches), business outlets of sub-branches (including business departments), community sub-branches, and small-business sub-branches.
2. The headcount of the Head Office includes the total number of employees in the departments of the Head Office, the Credit Card Centre and the centralised operation, exclusive of employees of branches. Of which, the headcount of the Credit Card Centre was 7,778.
3. Inter-region adjustment arises from the reconciliation and elimination of inter-region balances.

VIII. Internal Control and Internal Audit

(I) Internal control evaluation

The Bank has set up a comprehensive corporate governance structure with clear division of responsibilities among the Board of Directors and the management team, and maintained effective operation of internal control management system of the Company. In compliance with the Law of the People's Republic of China on Commercial Banks 《中華人民共和國商業銀行法》, the Guidelines for Internal Control of Commercial Banks 《商業銀行內部控制指引》, the Basic Standard for Corporate Internal Control 《企業內部控制基本規範》 and other laws and regulations and regulatory rules, the Bank has formed a set of rational and comprehensive internal control systems. The Board of Directors and Audit Committee of the Bank have guided the internal audit department in conducting internal control evaluation, including annually evaluating the effectiveness of internal control and reviewing internal control evaluation reports. During the Reporting Period, the internal audit department carried out internal control evaluation on a total of 12 tier-1 branches. Continuous internal control evaluations significantly enabled the improvement in the internal control systems and internal control management level of the Bank.

(II) Internal audit

The Bank has adopted an independent internal audit model with a vertical management structure topped by the Head Office. Internal audit works are reported to the Board of Directors and its Audit Committee with notices given to the Senior Management, ensuring the independence and effectiveness of internal audit. The Bank has set up the Audit Department at the Head Office with six regional audit centres in North, East, South, Central, Northeast, and West China. The Audit Department is responsible for performing independent inspection and evaluation of all businesses and management activities of the Bank, supervising the effectiveness of internal control, and conducting the supervision, evaluation, and consulting of internal audit in an independent and objective manner. The Bank has formulated a well-structured internal audit system and continuously revised and improved it. Through the audit project management system, the Bank has strengthened full-process management of audit projects. The Bank has established an integrated audit inspection system combining conventional audit and digital audit. The digital audit system has covered major business areas of the Bank. The Bank has constantly enriched functions and perfected inspection models based on inspection needs. Risk-oriented internal audit has been adopted, and research-oriented audit has been constantly enhanced, covering all business lines including corporate banking, retail banking, financial markets, credit card, IT, infrastructure projects, and finance and accounting, as well as all internal control management procedures. The audit scope has also extended to risk management areas including credit risk, market risk, liquidity risk, operational risk, and compliance risk.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

During the Reporting Period, in terms of internal audit, the Bank focused on the strategic deployment of the whole bank and the larger picture of reform and development, remained committed to its core businesses, returned to supervision basics, and strengthened supervision and evaluation on material risks, important customer groups, key products and internal control systems and mechanisms of the Bank. The Bank continued to build up the professional audit competence, accelerated the transformation to smart audit, deepened the utilisation of audit results, exerted the combined forces of coordination and supervision, and continued to improve the quality and efficiency of audit supervision, so as to escort the high-quality development of the whole bank. Through various forms of audits, including internal control evaluation, special audits, and economic accountability audits, the Bank conducted supervision and inspection on the operation management and the internal control of operating units and subsidiaries under consolidated management. By strengthening synergy between regulatory authorities and audit department and between audit and inspection works, and coordinating efforts with departments related to discipline inspection and compliance, the Bank established an effective supervisory collaboration. During the Reporting Period, in accordance with the annual audit plan, the Audit Department efficiently completed the audit tasks for the first half of the year, covering corporate and personal credit, foreign exchange derivatives, risk management, asset and liability and financial management, information technology, and infrastructure projects. The Bank conducted internal control evaluations on 12 tier-1 branches. At the same time, the Bank continuously improved the supervision system for rectifying problems identified in the audits, and constantly tracked and urged the audited units to make rectifications of problems identified by adopting multiple measures such as continuous supervision and subsequent audits. All these efforts promoted the constant optimisation and improvement of the internal control and management of the Bank.

IX. Incentive Share Option Scheme, Employee Share Ownership Scheme or Other Employee Incentive Measures and Their Implementations During the Reporting Period

Up to date, the Bank had no incentive share option scheme, employee share ownership scheme or other employee incentive measures.

X. Compliance with the Corporate Governance Code Set Out in Appendix C1 to the Hong Kong Listing Rules

During the Reporting Period, the Bank has fully complied with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and has complied with most of the recommended best practices contained therein.

XI. Environmental and Social Responsibilities

(I) Performance of environmental protection

The Bank and its subsidiaries were not included in the list of enterprises legally required to disclose environmental information and the list of key pollutant-discharging units published by the environmental protection authority. The Bank strictly complied with the laws and regulations in respect of environmental protection, such as the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》, the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》, the Water Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國水污染防治法》, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國大氣污染防治法》, and the Solid Wastes Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國固體廢物污染防治法》. During the Reporting Period, the Bank was not subject to any administrative penalties for environmental issues.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank insisted on green development, actively promoted the layout of green finance, and gave play to the leveraging role of finance to facilitate the development of green economy, low-carbon economy and circular economy. The Bank paid attention to guarding against environmental and social risks, restricted credit granting to industries with high pollution and high energy consumption, and accelerated the exit of enterprises with outdated production capacity, in a bid to propel the industrial structure adjustment. The Bank also advocated green office, practised green operation, and promoted suppliers to fulfil their environmental and social responsibilities through green procurement.

(II) Performance of social responsibilities

The Bank facilitated rural revitalisation with financial services. The Bank implemented the guidelines, policies, decisions and arrangements on the rural revitalisation strategy of the CPC Central Committee and the State Council, innovated assistance models and gave full play to the advantages of main businesses, embarking on a characteristic path of finance serving rural development. The Bank has provided paired assistance to Hua County and Fengqiu County in Henan Province for 23 consecutive years, earnestly implemented President Xi Jinping's important instructions on paired assistance, and learned and used the experience of the "Green Rural Revival Programme" in an in-depth manner to further advance the "One Branch Supporting One Township" pairing mechanism. The Bank continued to promote key assistance projects such as rural revitalisation demonstration sites, the MA+ Art Empowerment Initiative (MA+藝術賦能計劃), and education assistance programs. It coordinated efforts to promote the "rural revitalisation in five aspects including industry, talent, culture, ecology and organisation" and helped both counties map out a new blueprint for comprehensive rural revitalisation. As at the end of the Reporting Period, the Bank raised free assistance fund of RMB30 million for counties receiving paired assistance, introduced free assistance fund of RMB22.70 million, granted assistance loans of RMB72,971,800, and introduced assistance loans of RMB19.0 million. The balance of loans to areas lifted out of poverty of the whole bank amounted to RMB52,659 million, and the balance of loans to counties receiving focused assistance from the State for rural revitalisation amounted to RMB10,624 million.

The Bank delivered the warmth of Minsheng through charity and public welfare works. Adhering to the philosophy of sharing development achievements with the society, the Bank fully utilised its advantages, optimised the public welfare service system, and carried out public welfare practices covering paired assistance, assistance to the vulnerable group and those in difficulties, educational support, health and well-being, culture and art, and community development. The Bank has supported the "AIDS Prevention and Control Programme" of China Red Ribbon Foundation, the "Guangcai • Minsheng" Medical Care Programme for Children with Congenital Heart Disease ("光彩•民生"先天性心臟病患兒救治項目), and the educational funding project of "Minsheng Beautiful Xinjiang Class (民生美疆班)" for consecutive years, so as to continuously shoulder its responsibilities, deliver Minsheng's warmth, and give back to the society with practical actions. The Bank has launched public welfare projects with brand characteristics for multiple years in a row. During the Reporting Period, the Bank organised the 10th session of the "Power of Minsheng's Love – ME Charity Innovation Funding Scheme (我決定民生愛的力量 – ME公益創新資助計劃)", funding 29 innovative public welfare projects committed to rural revitalisation, community development, educational support, health and well-being, and ecological civilisation.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank carried out cultural welfare undertakings to serve the society with arts. In the first half of 2025, the public welfare art institutions of the Bank successfully concluded the exhibition “The Origin of Civilisation: Exploring the Early Chinese Civilisation (文明的源起: 早期中華文明探尋大展)”. During the exhibition period, it attracted over 65 thousand public visits, recruited 105 volunteers, offered public exhibition guide services to nearly 31 thousand participants, held over 50 public education activities, and benefited over 55 thousand participants online and offline. The Beijing Minsheng Chinese Calligraphy Public Welfare Foundation and the Minsheng Calligraphy Art Museum, the public welfare organisations sponsored by the Bank, invited several authoritative institutions to jointly organise the calligraphy show of “Poetry, Calligraphy and Ink: Minsheng Enjoyment” (“詩書翰墨 悅享民生”民生書法大會). As at the end of the Reporting Period, the show had received a total of 21,120 calligraphy submissions and held 5,791 public calligraphy and cultural events across 31 provinces, with total participants reaching 60.2 thousand. Meanwhile, the art institution in Shanghai successfully launched the exhibition of “Shanghai: Capital of Photography 1910s-2020s (上海: 攝影之都 1910s-2020s)”, which reached nearly 95 thousand people. The art museum in Shanghai won the title of “Demonstration Site of Cultural and Artistic Experience Base for Citizens’ Lifelong Learning in Shanghai in 2024 (2024年度上海市民終身學習文化藝術體驗基地示範站點)”.

The Bank focused on the improvement of ESG management. The Bank promoted ESG efforts from a strategic planning perspective, continuously improved its ESG governance structure and working mechanisms, as well as its high-quality sustainable development system. The Bank actively integrated ESG principles into its operation and management and consistently enhanced ESG governance standards to fulfill its environmental responsibilities and create social value. In the first half of 2025, the Bank attained multiple honorary achievements in the ESG-related works, including: inclusion in the “Best Practice Cases for Sustainable Development of Listed Companies (上市公司可持續發展最佳實踐案例)” by the China Association for Public Companies for many consecutive years, and recognition as the “2024 Excellent ESG Case of Chinese Enterprises (2024中國企業ESG優秀案例)” by the China Enterprise Reform and Development Society in collaboration with China Comment magazine. The MSCI ESG rating of the Bank was the highest global level of AAA.

XII. Assessment of Progress in the “Quality Improvement and Efficiency Enhancement for Greater Returns” Initiative

In accordance with the requirements of the special initiative of “Quality Improvement and Efficiency Enhancement for Greater Returns”, the Bank disclosed the 2025 Valuation Enhancement Plan and the Action Plan for “Quality Improvement and Efficiency Enhancement for Greater Returns” of China Minsheng Banking Corp., Ltd. 《中國民生銀行股份有限公司2025年估值提升計劃暨“提質增效重回報”行動方案》 on 29 March 2025. During the Reporting Period, the Bank remained resolute in implementing its strategies, strengthened risk management and control, improved asset quality, optimised corporate governance, enhanced information disclosure and investor communication, and actively delivered returns to investors, thereby effectively increasing the Bank’s investment value.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(I) Adhering to strategic leadership and building a value-oriented bank

In recent years, the Bank has remained committed to its strategic positionings of “a bank for NSOEs, an agile and open bank, and a bank with considerate services”, striving to become “a first-class commercial bank with distinctive features, continuous innovation, increasing value and steady operation”. In 2025, the Bank strengthened strategic leadership, and focused on “strengthening customer group management, optimising structure, controlling risks, and driving revenue growth”. It intensified efforts to consolidate basic customer groups, enhance key products, and improve service capabilities, in a bid to further promote a fundamental transformation in the operation model of the whole bank from quantity to quality and from scale to quality and efficiency. Through heartfelt and high-quality services, the Bank continued to create value for customers, shareholders, employees, partners, and the society.

Firstly, the Bank consolidated its customer base to enhance development momentum. The Bank remained committed to prioritising both serving the real economy and improving the quality and efficiency of customer services. Taking strategic clients as the starting point and leveraging supply chain finance, the Bank deepened its integrated management of MSMEs, large enterprises and individual customers, with a focus on basic products, basic services, and basic customer groups. As at the end of the Reporting Period, the number of core supply chain customers brought in by strategic clients was 3,052, representing an increase of 558 as compared with the end of the previous year; the number of corporate clients of supply chain financing brought in by strategic clients was 37,440, representing an increase of 6,942 as compared with the end of the previous year; the number of retail customers and private banking customers increased by 3.89% and 12.84% as compared with the end of the previous year, respectively, demonstrating steady growth in customer number and continuous optimisation of customer structure. By optimising customer group structure, the Bank drove improvements in asset-liability and income structure across the whole bank, achieving a dynamic balance among business scale, structure, pricing, and asset quality.

Secondly, the Bank enhanced refined management to improve operational efficiency. The Bank established a bank-wide management and application system of operation indicators, and standardised the data language of the whole bank, to provide agile, open and smart data support for the strategic management, business plan, resource allocation, and execution evaluation of the whole bank. The Bank strengthened end-to-end refined management of resources, enhanced input-output efficiency in key areas such as sci-tech, outsourcing, and rent and property management, and promoted the improvement of resource utilisation efficiency and optimisation of cost structure. The Bank also reinforced the transmission and constraint of credit risk costs, promoted full cost accounting and scientific risk-based pricing, intensified front-loaded asset quality control and process management, and achieved decrease in stability in the cost of newly granted credit.

Thirdly, the Bank strengthened innovation-driven empowerment with a focus on strategy integration. The Bank continued to expand its ecosystem of digital financial services, and developed a scenario-based digital product array represented by products under the mode of decoupling from credit reliance on core enterprises in supply chains, the general base of “Minsheng Benefits (民生惠)”, and the ecosystem services of “E-Minsheng Family”. The Bank consistently upgraded its capabilities in AI and large model foundation building, and enhanced the scenario-based application of AI across customer service, risk prevention and control, knowledge management, and smart operation. It also enhanced the integration of policies related to asset-liability management, resource allocation, risk management, and performance evaluation with customer strategies and business strategies. Embracing the “One Minsheng (一個民生)” service philosophy, the Bank built an agile network spanning the whole bank, fostered close collaboration and efficient integration of resources across departments, business lines, and institutions, and promoted a “broad-duty” operation model to continuously enhance the comprehensive front-line operational capability.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Consolidating the risk control system and improving asset quality

Firstly, the Bank reinforced its internal control and risk management framework. It actively implemented the requirements of the Rules on Compliance Management of Financial Institutions 《金融機構合規管理辦法》 and practised the philosophy of “compliant operation is the core competitiveness”. The Bank launched the “Year of High-Quality and Compliant Development” initiative, enhanced regulatory policy transmission, internalised external regulations, intensified employee behaviour management, improved case risk warnings, and reinforced source tracing and rectification. It continued to refine the multi-layered, three-dimensional compliance duty performance system and continuously improved compliant operation and management. At the same time, the Bank carried out the “Year of Post-Lending and Post-Investment Management Enhancement” initiative. By optimising organisational structures, clarifying risk responsibilities, strengthening team deployment, and improving process systems, the Bank further reinforced the post-lending management responsibilities of its three lines of defense, and solidified the risk management principle that “managing business is managing risks” to continuously enhance the effectiveness of post-lending and post-investment management.

Secondly, the Bank promoted balanced loan growth. By deepening the transformation of industry research outcomes and dynamically optimising credit policies, the Bank remained committed to supporting the real economy, advancing the development of “five major sectors” of sci-tech finance, green finance, inclusive finance, pension finance and digital finance, and promoting the targeted allocation of credit resources to key areas such as advanced manufacturing, domestic substitution, sci-tech innovation, and green development, so as to achieve desired growth of credit assets. At the same time, the Bank adhered to national industrial policies and regulatory requirements, and placed particular emphasis on risk control in overcapacity sectors and industries experiencing cyclical downturns. It implemented list-based management for sectors such as steel, photovoltaic, automotive, construction, and papermaking, and continued to optimise the credit structure.

Thirdly, the Bank focused on risk prevention and control in key areas. Regarding local government financing platforms, the Bank strictly implemented national policies and regulatory requirements, and adopted prudent credit policies and control measures to cooperate with local governments in steadily resolving existing risks and strictly controlling new risks, thereby continuously optimising its business structure. In terms of the real estate sector, the Bank firmly adhered to regulatory red lines and bottom lines, formulated mid- to long-term risk mitigation plans, reinforced due diligence, conducted thorough debt evaluations, strengthened communications and negotiations, and implemented “one account one policy” approach to continuously intensify risk prevention and mitigation. At the same time, the Bank returned to the origin of projects to develop new business in an orderly manner, so as to promote the sound and healthy development of its real estate business.

Fourthly, the Bank improved the effectiveness of collection and disposal. It established an integrated asset operation and management system across the Head Office and branches to enhance its capabilities in the proactive operation and management of risk assets. The Bank also optimised supporting mechanisms related to promotion management, coordinated mitigation, performance evaluation, and resource allocation to stimulate management efficiency. Adhering to a cash collection first strategy and following a layered and classified resolution approach with targeted measures, the Bank flexibly adapted disposal and mitigation methods to enhance the effectiveness of collection and disposal. It continued to explore the recovery value of written-off assets and maintained depth and breadth of due diligence to maximise the recovery value. Meanwhile, the Bank proactively reduced the scale of non-interest-earning assets to effectively release risk asset occupation.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Fifthly, the Bank expanded and upgraded smart risk control. It promoted the in-depth application of AI technologies and developed smart approval scenarios to comprehensively elevate the level of smart approval. The Bank continuously optimised its digital and intelligent post-lending management platform and has built a risk signal monitoring system incorporating “customer credit behaviour, multi-source external data, financial information, public opinion, and distinctive scenarios”. It also developed smart analytical tools to improve the capabilities of monitoring, preventing and controlling overall and meso-level risks. At the same time, the Bank intensified the integration of digital and intelligent collection and recovery, continued to build its digital and intelligent compliance risk monitoring system, establish the compliance monitoring platform, and enhance employee behaviour profiling to effectively manage and control various compliance risks.

(III) Prioritising investor returns and maintaining a stable dividend distribution policy

The Bank formulated its profit distribution plan by taking into account business performance, capital planning, and market environment, as well as capital replenishment needs and the continuity and stability of its dividend distribution policy, thereby delivering reasonable investment returns to investors. Since 2018, the Bank’s annual cash dividends have consistently accounted for over 30% of the net profit attributable to holders of ordinary shares, and since 2024, an additional interim dividend distribution has been introduced. In 2024, total cash dividends distributed amounted to RMB8,406 million, accounting for 30.04% of the net profit attributable to holders of ordinary shares. In 2025, the Bank plans to maintain its dividend distribution frequency, and demonstrate the positive image to investors and the capital market through a stable dividend distribution policy, thereby enhancing investors’ sense of gain. In August 2025, the Bank was selected into the “2025 Cash Dividend Ranking of Listed Companies (2025年上市公司現金分紅榜單)” by the China Association for Public Companies.

(IV) Optimising corporate governance and enhancing quality and effectiveness of duty performance

In the first half of 2025, the Bank stuck to standardised operations, further improved the corporate governance system, continuously strengthened the building of the Board, and effectively gave play to the role of Independent Directors, so as to safeguard the rights and interests of all shareholders and stakeholders.

Firstly, the Bank continued to improve its corporate governance system. The Bank implemented the Company Law and relevant provisions of the CSRC and the NFRA, and amended the Articles of Association, the Rules of Procedure for the Shareholders’ Meeting 《股東會議事規則》, and the Rules of Procedure for the Board of Directors 《董事會議事規則》, which had been considered and approved by the shareholders’ meeting, laying a solid institutional foundation for modern corporate governance. The Bank also optimised its governance structure, with a proposal considered and approved at the shareholders’ meeting to cancel the Board of Supervisors. Upon the date of approval by the NFRA of the revised Articles of Association when it becomes effective, the Board of Supervisors will be lawfully cancelled, and the Audit Committee of the Board will exercise the powers of the Board of Supervisors stipulated by the Company Law and relevant regulatory provisions. The Bank continuously strengthened communication and consultation between the Party Committee and the corporate governance bodies to build consensus on development.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Secondly, the Bank continuously strengthened the construction of the Board. Focusing on the implementation of the Bank's development strategy and major decision-making, the Bank formulated the research plan for Directors in a scientific manner, proactively organised field visits to branches, formulated research reports in a timely manner, and supervised the execution to ensure practical application of research results. In response to new regulatory policies, new industry requirements, and the Bank's new development trends, the Bank arranged internal and external training programs. Various materials regarding related party transactions and key regulatory documents were submitted to Directors to ensure their timely access to the information necessary for duty performance, thereby continuously enhancing their professional capabilities and duty performance. The Bank also received briefings on the implementation of 2024 Board resolutions to efficiently supervise the implementation of opinions and suggestions proposed by Directors.

Thirdly, the Bank gave full play to the role of Independent Directors. It continued to improve the working mechanisms of duty performance of Independent Directors, diversified the forms of duty performance, and enhanced their duty performance effectiveness. The Bank convened one special meeting between Chairman and Independent Directors and two special meetings of Independent Directors, at which, Independent Directors actively expressed their opinions and suggestions on key focus matters of duty performance such as corporate governance, regular reports, and related party transactions. The Bank implemented the opinions and suggestions raised by Independent Directors across various occasions one by one, and gave timely feedback. The Bank enhanced the mechanism of communication between Independent Directors and minority shareholders and arranged for Independent Directors to attend the Bank's shareholders' meetings and performance briefings. Through a series of measures, the Bank effectively gave play to the role of Independent Directors in "decision-making participation, supervisory checks and balances, and professional consultation".

(V) Strengthening investor communication and delivering corporate value

In the first half of 2025, the Bank organised and participated in 97 investor relations activities through a variety of forms, including hosting performance briefings, shareholders' communication meetings and performance roadshows, participating in brokerage strategy meetings, and paying research visits, making nearly 500 contacts with investment institutions, doubling the communication frequency as compared with the corresponding period of the previous year. The Bank was recognised as an "IR Dedicated Company (積極參與投資者關係公司)" by the Hong Kong Investor Relations Association.

During the Reporting Period, focusing on its distinctive and competitive advantages and key areas of interest in the capital market, the Bank conducted a series of research sessions, covering themes such as "Supply Chain and Corporate Banking", "Wealth Management and Retail Banking", "Risk Management", and "Asset-Liability and Financial Management". It also organised special research visits to branches in Shenzhen, Chengdu, and Hangzhou. These research events were led by Chairman, President, and Vice Presidents in charge of relevant business lines, who comprehensively elucidated the Bank's development achievements to the mainstream securities companies and large institutional investors inside and outside the Chinese mainland, so as to enhance understanding and recognition of capital market.

CHAPTER 5 CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(VI) Ensuring high-quality information disclosure to enhance transparency and accuracy

The Bank strictly complied with laws, regulations, and regulatory provisions of the SSE and the SEHK, fulfilling its information disclosure obligations in a lawful and compliant manner. During the Reporting Period, the Bank published the 2024 Annual Report and the 2025 First Quarterly Report on the SSE. With a focus on investor needs, the Bank used charts and graphs to display key financial data and business indicators, so as to enhance the visualisation of the periodic reports and respond to investor concerns. The Bank continuously enriched its disclosure contents. The 2024 Annual Report highlighted business features and models through typical cases such as the Bank's cross-sector "Finance + Retail" collaboration with Sam's Club. In addition, the Bank issued 25 announcements to ensure timely, accurate, and complete disclosure of information. It also deepened its voluntary information disclosure by proactively releasing an announcement on major operating results for the first quarter, positively delivering the Bank's investment value to the market.

(VII) Giving high priority to the protection of investor interests

The Bank consistently provided convenience for small- and medium-sized investors to participate in investor relations activities and exercise the rights of shareholders, and responded to their demands in a timely manner.

The annual results briefing was held both online and offline. It was livestreamed on Weixin, the web and the mobile banking App via "Minsheng Video Podcast Room (民生播客廳)", attracting 13 thousand views. For the annual shareholders' meeting, the Bank used smart SMS reminders to ensure that small- and medium-sized investors who wished to vote were able to attend and cast their votes in a timely manner. After the annual shareholders' meeting, Chairman, President and other members of the Senior Management had in-depth communications with over 30 minority shareholders who attended the meetings in person, and candidly answered their questions. During the Reporting Period, the Bank answered nearly 200 calls to the investors' hotline, and handled nearly 100 investors' e-mails.

(VIII) Encouraging long-term investment and voluntary shareholding increase by substantial shareholders

The Bank actively promoted shareholding increases by its substantial shareholders, continued to attract institutional investors, and conveyed and practised the philosophy of long-term investment. Firstly, New Hope Chemical Investment Co., Ltd. recognised the Bank's business strategy and voluntarily increased its shareholding in the Bank. New Hope Chemical Investment Co., Ltd., together with its parties acting in concert, South Hope Industrial Co., Ltd. and New Hope Liuhe Investment Co., Ltd., became the shareholders holding more than 5% of the Bank's total shares on a combined basis, and continued to be optimistic about the future business development of the Bank. Secondly, the Bank attracted institutional investors to gradually engage in or increase shareholdings, including fund management companies, insurance companies, asset management companies, and NSOEs, etc. With the entry of diversified new investors and shareholding increases by the existing shareholders, the Bank's equity structure has become more stable and robust, bolstering market confidence.

CHAPTER 6 MAJOR EVENTS

I. Material Litigation and Arbitration

During the Reporting Period, the Bank had no litigation or arbitration proceeding that had significant impact on its operations. In the ordinary course of business operations, the Bank was involved in certain litigations and arbitrations, the majority of which were initiated by the Bank to recover non-performing loans, as well as those caused by customer disputes and other matters. As at 30 June 2025, there were 252 pending lawsuits and arbitrations involving the Bank as defendant or respondent, with an involved amount of approximately RMB5,853 million. The Bank believes that the aforementioned proceedings will not have a material adverse impact on its financial condition or operating results.

Since January 2023, the Beijing Branch of the Bank has successively filed lawsuits against entities including Wuhan Centre Building Development Investment Co., Ltd., Wuhan CBD Co., Ltd., Oceanwide Holdings Co., Ltd., and China Oceanwide Holdings Group Co., Ltd. over financial lending contract disputes. As at the date of disclosure of this Report, the lawsuits between the Bank and Wuhan Centre Building Development Investment Co., Ltd. and Wuhan CBD Co., Ltd. have been initiated enforcement proceedings with one case suspended. For the seven lawsuits between the Bank and Oceanwide Holdings Co., Ltd. and China Oceanwide Holdings Group Co., Ltd., the Bank has obtained the enforceable judgments, all of which the Bank has won, and initiated enforcement proceedings, with one case ruled for termination of enforcement.

II. Purchase and Sale of Assets and Mergers and Acquisitions

During the Reporting Period, the Bank had no material purchase and sales of assets and mergers and acquisitions.

III. Material Contracts and Their Performances

The Bank participated in and won the bid for the land use right of Plot Z4 at Core Area of Beijing CBD in East Third Ring Road, Chaoyang District, Beijing. Currently, the installation of mechanical and electrical equipment and interior decoration are under progress.

The Bank participated in and won the bid for the land use right of Plot G at the Strait Financial Business District on the south of Aofeng Road and the east of Aofeng Side Road in Taijiang District, Fuzhou. This project has been completed and passed government acceptance and filing procedures. The branch has completed its relocation.

The Shunyi Headquarters Phase II Cloud Computing Data Centre Project in Beijing has passed the completion inspection.

CHAPTER 6 MAJOR EVENTS

IV. Major Guarantees

During the Reporting Period, no major guarantees of the Bank were required to be disclosed except for the financial guarantees provided within the business scope approved by the regulatory authorities; the Bank did not enter into any guarantee contracts in violation of the external guarantee procedures prescribed by laws, administrative regulations and the CSRC.

V. Commitments by the Bank and Its Relevant Entities

According to the relevant rules of the CSRC, the Bank considered and approved the Proposal on Impacts on Dilution of Current Returns of the Non-public Issuance of Preference Shares and the Relevant Remedial Measures of China Minsheng Banking Corp., Ltd. 《關於中國民生銀行股份有限公司非公開發行優先股攤薄即期回報及填補措施的議案》 at the First Extraordinary General Meeting for 2016 on 1 February 2016, in which remedial measures on the dilution of current returns that might arise from the non-public issuance of preference shares were formulated. These measures included strengthening capital management and optimising resources allocation, promoting the transformation of business model and management mechanism, enhancing comprehensive management and refined management, improving comprehensive risk management, and further increasing its corporate value. At the same time, the Directors and the Senior Management of the Bank also made commitments to effectively execute the remedial measures on current returns. During the Reporting Period, the Bank and the Directors and the Senior Management of the Bank did not violate any of the aforesaid commitments.

VI. Appointment of Accounting Firms

Upon the approval by the 2024 Annual Shareholders' Meeting of the Bank, the Bank appointed KPMG Huazhen LLP as the domestic accounting firm and KPMG as the international accounting firm of the Bank for 2025.

According to the terms of contracts, the total remuneration agreed between the Bank and the above auditors in respect of their audit services for the year (including auditing of annual financial reports (domestic and international), review of interim financial reports (domestic and international), agreed procedures for quarterly financial reports, internal control auditing and related services) amounted to RMB9.81 million, including a service fee of RMB1.0 million for the auditing of the effectiveness of internal control. At the same time, the total service fee for non-audit business paid to the KPMG and its member firms in the first half of 2025 was RMB1.093 million. KPMG Huazhen LLP and KPMG confirmed that such non-audit business did not compromise their audit independence.

In 2025, KPMG Huazhen LLP and KPMG provided audit services to the Bank for the second year. SHI Jian, ZHANG Luyang and LEUNG Tat Ming, the signing accountants, provided services for the Bank for the second year.

CHAPTER 6 MAJOR EVENTS

VII. Material Related Party Transactions

The Bank does not have any controlling shareholders.

For details of the related party transactions subject to relevant accounting standards as at the end of the Reporting Period, please refer to Note 9 “Related Parties” to the Financial Statements.

VIII. Profit and Dividend Distribution

(I) Annual profit distribution for 2024

The Bank distributed the annual dividends to all shareholders according to the profit distribution plan for 2024, which was considered and approved at the 11th meeting of the 9th session of the Board and the 2024 Annual Shareholders’ Meeting. On the basis of the total share capital of the Bank as at the record dates, the Bank distributed a cash dividend for 2024 of RMB0.062 (tax inclusive) to holders of A shares and H shares whose names appeared on the registers as at the record dates for every share being held. The total cash dividends amounted to RMB2,714 million. The cash dividends were denominated and declared in RMB and were paid in RMB or in Hong Kong dollar to holders of equity shares. Together with the already distributed interim cash dividends for 2024, the cash dividend for the whole year of 2024 was RMB0.192 (tax inclusive) for every share being held, and the total cash dividends distributed for the whole year amounted to RMB8,406 million.

The Bank distributed the cash dividends to holders of A shares and investors of Shanghai-Hong Kong Stock Connect in July 2025 in accordance with relevant provisions, and distributed the cash dividends to holders of H shares and investors of Southbound Trading of Stock Connect in August 2025 in accordance with relevant provisions. The implementation of the distribution plan was thus completed. For details, please refer to the announcement of the Bank dated 26 June 2025 published on the HKEXnews website of the SEHK and the announcement dated 4 July 2025 published on the website of the SSE, respectively.

(II) Interim profit distribution plan for 2025

According to relevant laws, regulations, regulatory requirements and the Articles of Association, and in line with the resolutions and authorisations of the 2024 Annual Shareholders’ Meeting and the reviewed interim financial statements for 2025, the interim profit distribution plan for 2025 of the Bank is as follows:

Having considered various factors including the capital adequacy ratio required by the regulatory authorities and the sustainable business development of the Bank, the Bank proposed to distribute a cash dividend of RMB1.36 (tax inclusive) to holders of A shares and H shares whose names appear on the registers as at the record date for every 10 shares being held. Based on 43,782 million shares of the Bank in issue as at 30 June 2025, total cash dividends would be approximately RMB5,954 million, accounting for approximately 29.95% of the net profit of the Group, which was RMB19,880 million, realised in the Reporting Period attributable to holders of ordinary shares of the Bank.

CHAPTER 6 MAJOR EVENTS

The actual amount of total cash dividends to be paid will be subject to the total number of ordinary shares recorded on the registers as at the record date. The cash dividends will be denominated and declared in RMB and paid in RMB or Hong Kong dollar to holders of equity shares. The actual amount of dividends to be paid in Hong Kong dollar shall be calculated based on the benchmark exchange rate of RMB against Hong Kong dollar as quoted by the PBOC on the date of the Board meeting.

IX. Review of Interim Results

KPMG has reviewed the Interim Financial Report prepared by the Bank in accordance with the disclosure requirements set forth in the IFRS and the Hong Kong Listing Rules. The Audit Committee of the Board of the Bank has reviewed the Report and agreed to submit it to the Board for consideration. The Board of the Bank considered and approved the Report on 29 August 2025.

X. Integrity of the Bank, Controlling Shareholders and De Facto Controllers

The Bank does not have any controlling shareholder or de facto controller. Dajia Life Insurance Co., Ltd. is the largest shareholder. During the Reporting Period, the Bank, the largest shareholder and its ultimate controller did not have any obligations specified in legally effective court documents which were not fulfilled or any overdue debt in large amounts.

XI. Non-Operating Fund Occupation by Controlling Shareholders and Other Related Parties

The Bank does not have any controlling shareholder. Dajia Life Insurance Co., Ltd. is the largest shareholder. The Bank does not have any condition of non-operating fund occupation by the largest shareholder and its ultimate controller and other related parties.

XII. Pre-Emptive Rights

Pre-emptive rights are not prescribed in the Company Law of the People's Republic of China and the Articles of Association, and the Bank is not required by the above provisions to issue new shares to the current shareholders based on the holding proportion of the shareholders. In accordance with the Articles of Association, the Bank may increase its registered capital by public offering of ordinary shares to unspecified objects, issuance of ordinary shares to its existing shareholders, distribution of new ordinary shares to its existing shareholders, private placing of ordinary shares to specified objects, conversion of preference shares to ordinary shares, and any other methods permitted by the applicable laws and administrative regulations. There is no compulsory rule in relation to pre-emptive rights in the Articles of Association.

CHAPTER 6 MAJOR EVENTS

XIII. Consumer Rights Protection

During the Reporting Period, the Bank continued to fully implement the important arrangements of the CPC and the State, and adhered to the principle of “seeking progress while maintaining stability” when performing its duty in consumer rights protection. Through five measures including strengthening management system, improving operational mechanisms, focusing on key areas, practising the “Fengqiao experience”, and enhancing education and publicity, the Bank constantly optimised its products and services to comprehensively improve customer experience. In terms of strengthening the consumer rights protection management system, the Bank continued to improve its consumer rights protection governance framework, continuously strengthened cross-functional coordination mechanisms and intensified internal supervision to ensure consistency and effectiveness in consumer rights protection management across the whole bank. In terms of improving key operational mechanisms, the Bank took the initiative to conform to the trend of digital management, continued to enhance key mechanisms such as consumer rights protection rules, reviews, and performance evaluations, and actively promoted the professional capacity enhancement of consumer rights protection personnel. In terms of intensifying the management and control of key areas, the Bank further focused on proactive compliance governance, and constantly improved the standardisation of personal information protection, suitability management, marketing and publicity, information disclosure, and traceability management, so as to ensure high-quality financial services. In terms of thoroughly practising the “Fengqiao experience” in the new era, the Bank made substantial breakthroughs in addressing key challenges in complaint management and continuously improved mechanisms such as classified complaint management and higher-level resolution for repeated complaints. The Bank empowered frontline teams to effectively resolve difficult and complex complaints, enhanced efficient coordination to improve customer experience, focused on customer demands, and improved the quality and effectiveness of source tracing and rectification. Through these concrete measures, the Bank solidly practised the values of “customer first”. In terms of enhancing education and publicity, the Bank kept building its education and publicity brand of “Minsheng’s Consumer Rights Protection in Action (民生消保在行动)”, effectively consolidating resources of the whole bank. By carrying out centralised and normalised education and publicity initiatives in an in-depth manner, the Bank continued to create highlights of financial education to improve consumers’ financial knowledge and risk prevention capabilities.

XIV. Other Major Events

During the Reporting Period, the Bank had no other major events.

FINANCIAL REPORTS

- I. Report on Review of Interim Financial Information
- II. Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows
- III. Notes to the Condensed Consolidated Financial Statements
- IV. Unaudited Supplementary Financial Information

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

to the board of directors of China Minsheng Banking Corp., Ltd.

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

Introduction

We have reviewed the interim financial information set out on pages 115 to 269, which comprises the condensed consolidated interim statement of financial position of China Minsheng Banking Corp., Ltd. (the "Bank") and its subsidiaries (collectively the "Group") as at 30 June 2025 and the condensed consolidated interim statement of profit or loss, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim 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 IAS 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 IAS 34 Interim Financial Reporting.

Our responsibility is to express 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



Certified Public Accountants

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

29 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	Note 4	2025 (unaudited)	2024 (unaudited)
Interest income		113,980	127,963
Interest expense		(64,777)	(79,381)
Net interest income	1	49,203	48,582
Fee and commission income		11,225	11,458
Fee and commission expense		(1,540)	(1,813)
Net fee and commission income	2	9,685	9,645
Net trading gain	3	2,203	4,001
Net gain from investment securities	4	8,883	1,854
Including: Disposals of financial assets measured at amortised cost		2,772	1,024
Net other operating income	5	727	1,507
Operating expenses	6	(21,522)	(21,453)
Credit impairment losses	7	(26,039)	(20,551)
Other impairment losses	8	(346)	(109)
Profit before income tax		22,794	23,476
Income tax expense	9	(1,318)	(767)
Net profit		21,476	22,709
Net profit attributable to			
Equity holders of the Bank		21,380	22,474
Non-controlling interests		96	235
Earnings per share (expressed in RMB Yuan)			
Basic and diluted earnings per share	10	0.45	0.43

The accompanying notes form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	Note 4	2025 (unaudited)	2024 (unaudited)
Net profit		21,476	22,709
Other comprehensive income of the period, net of tax	40	(1,496)	2,036
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income		280	146
Items that may be reclassified subsequently to profit or loss			
Financial assets at fair value through other comprehensive income			
Changes in fair value		(1,889)	1,825
Allowance for impairment losses		142	17
Effective hedging portion of gains or losses arising from cash flow hedging instruments		32	23
Exchange difference on translating foreign operations		(61)	25
Total comprehensive income of the period		19,980	24,745
Total comprehensive income attributable to			
Equity holders of the Bank		19,902	24,442
Non-controlling interests		78	303

The accompanying notes form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	30 June 2025 (unaudited)	31 December 2024 (audited)
ASSETS			
Cash and balances with central bank	11	285,183	285,449
Balances with banks and other financial institutions	12	144,879	117,731
Precious metals		71,540	31,136
Placements with banks and other financial institutions	13	162,928	186,456
Derivative financial assets	14	24,132	30,283
Financial assets held under resale agreements	15	34,808	76,958
Loans and advances to customers	16	4,413,765	4,396,036
Financial investments	17		
– Financial assets at fair value through profit or loss		375,135	377,457
– Financial assets measured at amortised cost		1,385,594	1,480,798
– Financial assets at fair value through other comprehensive income		588,137	540,447
Long-term receivables	18	104,677	112,382
Property and equipment	19	57,586	59,347
Right-of-use assets	20(1)	11,966	12,650
Deferred income tax assets	21	58,150	58,149
Other assets	23	50,441	49,690
Total assets		7,768,921	7,814,969

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	30 June 2025 (unaudited)	31 December 2024 (audited)
LIABILITIES			
Borrowings from central bank		250,488	261,108
Deposits and placements from banks and other financial institutions	25	804,054	1,073,706
Financial liabilities at fair value through profit or loss	26	68,644	43,228
Borrowings from banks and other financial institutions	27	108,503	111,993
Derivative financial liabilities	14	31,443	34,073
Financial assets sold under repurchase agreements	28	252,452	248,124
Deposits from customers	29	4,382,087	4,332,681
Lease liabilities	20(2)	8,614	9,078
Provisions	30	1,613	1,730
Debt securities issued	31	1,049,973	941,025
Current income tax liabilities		4,890	4,548
Deferred income tax liabilities	21	239	243
Other liabilities	32	103,609	96,864
Total liabilities		7,066,609	7,158,401

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	30 June 2025 (unaudited)	31 December 2024 (audited)
EQUITY			
Share capital	33	43,782	43,782
Other equity instrument		125,000	95,000
Including: Preference shares	34	20,000	20,000
Perpetual bonds	35	105,000	75,000
Reserves			
Capital reserve	33	58,087	58,087
Surplus reserve	37	61,888	61,888
General reserve	37	99,429	99,279
Other reserves	40	5,705	7,192
Retained earnings	37	294,653	277,631
Total equity attributable to equity holders of the Bank		688,544	642,859
Non-controlling interests	38	13,768	13,709
Total equity		702,312	656,568
Total liabilities and equity		7,768,921	7,814,969

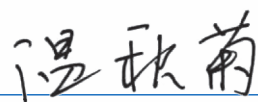
The accompanying notes form an integral part of this interim financial information.

Approved and authorised for issue by the Board of Directors on 29 August 2025.



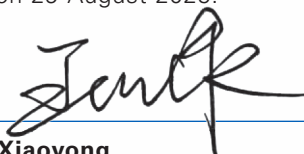
Gao Yingxin

Chairman



Wen Qiuju

Director



Wang Xiaoyong

President

(Company Seal)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

Unaudited	Attributable to equity shareholders of the Bank											
	Reserves											
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	33	34835	33	37	37	40	40	40	37		38	
At 31 December 2024	43,782	95,000	58,087	61,888	99,279	6,602	602	(12)	277,631	642,859	13,709	656,568
(I) Net profit	-	-	-	-	-	-	-	-	21,380	21,380	96	21,476
(II) Other comprehensive income, net of tax	-	-	-	-	-	(1,447)	(63)	32	-	(1,478)	(18)	(1,496)
Total comprehensive income	-	-	-	-	-	(1,447)	(63)	32	21,380	19,902	78	19,980
(III) Capital injection and deduction by equity holders												
1. Capital injection by other equity instrument holders	-	30,000	(2)	-	-	-	-	-	-	29,998	-	29,998
(IV) Profit distribution												
1. Appropriation to general reserve	-	-	-	-	149	-	-	-	(149)	-	-	-
2. Cash dividends	-	-	-	-	-	-	-	-	(2,714)	(2,714)	(14)	(2,728)
3. Perpetual bond interest	-	-	-	-	-	-	-	-	(1,500)	(1,500)	-	(1,500)
(V) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	(9)	-	-	9	-	-	-
(VI) Others												
1. Equity transaction with minority shareholders	-	-	2	-	1	-	-	-	(4)	(1)	(5)	(6)
At 30 June 2025	43,782	125,000	58,087	61,888	99,429	5,146	539	20	294,653	688,544	13,768	702,312

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

Unaudited

Attributable to equity shareholders of the Bank

	Reserves										Non-controlling interests	Total equity
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total		
Note 4	33	34&35	33	37	37	40	40	40	37		38	
At 31 December 2023	43,782	95,000	58,111	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801
(I) Net profit	-	-	-	-	-	-	-	-	22,474	22,474	235	22,709
(II) Other comprehensive income, net of tax	-	-	-	-	-	1,920	25	23	-	1,968	68	2,036
Total comprehensive income	-	-	-	-	-	1,920	25	23	22,474	24,442	303	24,745
(III) Capital injection and deduction by equity holders												
1. Capital deduction by other equity instrument holders	-	(40,000)	-	-	-	-	-	-	-	(40,000)	-	(40,000)
(IV) Profit distribution												
1. Appropriation to general reserve	-	-	-	-	154	-	-	-	(154)	-	-	-
2. Cash dividends	-	-	-	-	-	-	-	-	(9,457)	(9,457)	(1)	(9,458)
3. Perpetual bond interest	-	-	-	-	-	-	-	-	(3,440)	(3,440)	-	(3,440)
(V) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	2	-	-	(2)	-	-	-
(VI) Others												
1. Subsidiaries shares repurchased	-	-	-	-	-	-	-	-	(6)	(6)	-	(6)
At 30 June 2024	43,782	55,000	58,111	58,805	95,391	3,429	557	6	281,060	596,141	13,501	609,642

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

Audited	Attributable to equity shareholders of the Bank											
	Reserves											
	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Exchange reserve	Cash flow hedging reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note 4	33	34&35	33	37	37	40	40	40	37		38	
At 31 December 2023	43,782	95,000	58,111	58,805	95,237	1,507	532	(17)	271,645	624,602	13,199	637,801
(I) Net profit	-	-	-	-	-	-	-	-	32,296	32,296	426	32,722
(II) Other comprehensive income, net of tax	-	-	-	-	-	5,090	70	5	-	5,165	86	5,251
Total comprehensive income	-	-	-	-	-	5,090	70	5	32,296	37,461	512	37,973
(III) Profit distribution												
1. Appropriation to surplus reserve	-	-	-	3,083	-	-	-	-	(3,083)	-	-	-
2. Appropriation to general reserve	-	-	-	-	4,042	-	-	-	(4,042)	-	-	-
3. Cash dividends	-	-	-	-	-	-	-	-	(16,032)	(16,032)	(14)	(16,046)
4. Perpetual bond interest	-	-	-	-	-	-	-	-	(3,440)	(3,440)	-	(3,440)
(IV) Transfers within the owners' equity												
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	5	-	-	(5)	-	-	-
(V) Others												
1. Subsidiaries shares repurchased	-	-	-	-	-	-	-	-	(2)	(2)	(1)	(3)
2. Equity transaction with minority shareholders	-	-	(15)	-	-	-	-	-	-	(15)	-	(15)
3. Equity reclassification of equity transactions with minority shareholders	-	-	(5)	-	-	-	-	-	300	295	13	308
4. Others	-	-	(4)	-	-	-	-	-	(6)	(10)	-	(10)
At 31 December 2024	43,782	95,000	58,087	61,888	99,279	6,602	602	(12)	277,631	642,859	13,709	656,568

The accompanying notes form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cash flows from operating activities:		
Profit before income tax	22,794	23,476
<i>Adjustments for:</i>		
Credit impairment losses	26,039	20,551
Other impairment losses	346	109
Depreciation and amortisation	4,161	4,395
Gains on disposal of property and equipment	(159)	(327)
(Gains)/Losses from changes in fair value	(1,625)	4,430
Net gains on disposal of investment securities	(6,605)	(5,065)
Interest expense on debt securities issued	10,123	9,362
Interest expense on lease liabilities	130	168
Interest income from financial investments	(27,307)	(28,396)
Subtotal	27,897	28,703
<i>Changes in operating assets:</i>		
Net decrease in balances with central bank, banks and other financial institutions	18,705	38,219
Net increase in placements with banks and other financial institutions	(8,529)	(2,185)
Net decrease in financial assets held under resale agreements	42,150	14,608
Net increase in loans and advances to customers	(39,249)	(55,966)
Net increase in financial assets held for trading purposes	(20,553)	(11,087)
Net increase in other operating assets	(38,069)	(5,441)
Subtotal	(45,545)	(21,852)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cash flows from operating activities (continued):		
<i>Changes in operating liabilities:</i>		
Net decrease in borrowings from central bank	(11,354)	(31,317)
Net increase/(decrease) in deposits from customers	61,907	(218,271)
Net decrease in deposits and placements from banks and other financial institutions	(268,160)	(59,626)
Net increase/(decrease) in financial assets sold under repurchase agreements	4,420	(14,745)
Income tax paid	(476)	(2,680)
Net increase in other operating liabilities	12,268	35,945
Subtotal	(201,395)	(290,694)
Net cash used in from operating activities	(219,043)	(283,843)
Cash flows from investing activities:		
Proceeds from sale and redemption of investments and investment income	1,597,954	1,136,478
Cash paid for acquisition of non-controlling interests shares in subsidiaries	(6)	–
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	2,750	1,922
Cash payment for investments	(1,491,539)	(1,099,682)
Cash payment for purchase of property and equipment, intangible assets and other long-term assets	(1,642)	(4,359)
Net cash generated from investing activities	107,517	34,359

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

	Note 4	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Cash flows from financing activities:			
Capital injection by holders of other equity instruments		30,000	–
Proceeds from issue of debt securities		715,531	780,546
Payments for redemption of other equity instruments		–	(40,000)
Repayment of debt securities issued		(615,507)	(606,378)
Subsidiaries shares repurchased		–	(6)
Interest paid on perpetual bonds		(1,500)	(3,440)
Dividends paid and interest paid on debt securities issued		(1,731)	(4,013)
Cash payment in other financing activities		(1,603)	(1,704)
Net cash generated from financing activities		125,190	125,005
Effect of exchange rate changes on cash and cash equivalents		112	181
Net increase/(decrease) in cash and cash equivalents		13,776	(124,298)
Cash and cash equivalents at 1 January		184,990	237,336
Cash and cash equivalents at 30 June	41	198,766	113,038

The accompanying notes form an integral part of this interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

1 General information

China Minsheng Banking Corp., Ltd. (the “Bank”) is a national joint-stock commercial bank established in the People’s Republic of China (“PRC”) on 7 February 1996 with the approval of the State Council of the PRC and the People’s Bank of China (“PBOC”).

The Bank obtained the financial service certificate No. B0009H111000001 as approved by the China Banking and Insurance Regulatory Commission (The former “CBIRC”) (In 2023, the regulator was renamed as the National Financial Regulation Administration, The “NFRA”), and the business license as approved by the Beijing Municipal Market Regulation Administration, the unified social credit code is No. 91110000100018988F.

The Bank’s A Shares and H Shares are listed in the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the stock codes are 600016 and 01988, respectively.

In the interim financial information for the six months ended 30 June 2025, China mainland refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan. Abroad of China refers to Hong Kong, Macau, Taiwan and other countries. Overseas refers to areas of other countries and regions, outside mainland China, Hong Kong, Macau, and Taiwan.

The Bank and its subsidiaries (collectively the “Group”) mainly provide corporate and personal banking, treasury business, financial leasing, fund and asset management, investment banking and other financial services in the PRC.

As at 30 June 2025, the Bank had 43 tier-one branches and 33 subsidiaries (including 29 rural banks and 4 affiliated institutions).

2 Basis of preparation

The unaudited interim financial information for the six months ended 30 June 2025 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.

3 Summary of material accounting policy information

The unaudited interim financial information for the six months ended 30 June 2025 have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the accounting policies and critical accounting estimates and judgments used in preparing the unaudited interim financial information are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2024.

The interim financial information should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

3 Summary of material accounting policy information *(continued)*

3.1 Standards and amendments effective in 2025 relevant to and adopted by the Group

In the current reporting period, the Group has adopted the following IFRS Accounting Standards and amendments issued by the International Accounting Standards Board ("IASB"), that are mandatorily effective for the current reporting period.

Standards/Amendments		Effective date
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

The adoption of the above amendments do not have significant impacts on the condensed consolidated financial statements of the Group. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3.2 Standards and amendments relevant to the Group that are not yet effective in current year and have not been adopted before their effective dates by the Group

Standards/Amendments		Effective date
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments as originally issued had an effective date of annual periods beginning on or after 1 January 2016. Now the effective date has been deferred indefinitely, but early application is permitted.
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Volume 11	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosure	1 January 2027

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements

4.1 Net interest income

	Six months ended 30 June	
	2025	2024
Interest income arising from		
Loans and advances to customers	78,305	89,312
Including: Corporate loans and advances	41,395	46,517
Personal loans and advances	36,018	40,781
Discounted bills	892	2,014
Financial investments	27,307	28,396
Including: Financial assets measured at amortised cost	20,207	22,574
Financial assets at fair value through other comprehensive income	7,100	5,822
Long-term receivables	2,988	3,438
Placements with banks and other financial institutions	2,389	3,095
Balances with central bank	1,929	2,212
Financial assets held under resale agreements	312	718
Balances with banks and other financial institutions	750	792
Subtotal	113,980	127,963
Interest expense arising from		
Deposits from customers	(39,015)	(46,447)
Deposits and placements from banks and other financial institutions	(8,618)	(15,504)
Debt securities issued	(10,123)	(9,362)
Borrowings from central bank	(2,437)	(3,859)
Borrowings from banks and other financial institutions	(1,870)	(2,499)
Financial assets sold under repurchase agreements	(2,584)	(1,542)
Lease liabilities	(130)	(168)
Subtotal	(64,777)	(79,381)
Net interest income	49,203	48,582
Of which:		
Interest income from impaired loans and advances to customers	796	768

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.2 Net fee and commission income

	Six months ended 30 June	
	2025	2024
Fee and commission income from		
Bank card services	4,832	5,217
Agency services	1,645	2,299
Custodian and other fiduciary services	2,025	1,739
Settlement and clearance services	1,433	1,019
Credit commitments	556	546
Others	734	638
Subtotal	11,225	11,458
Fee and commission expense	(1,540)	(1,813)
Net fee and commission income	9,685	9,645

4.3 Net trading gain

	Six months ended 30 June	
	2025	2024
Net gains from interest rate products	1,231	3,090
Net gains/(losses) from foreign-exchange and foreign exchange products	227	(124)
Others	745	1,035
Total	2,203	4,001

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.4 Net gain from investment securities

	Six months ended 30 June	
	2025	2024
Financial instruments at fair value through profit or loss	3,532	(1,857)
Financial assets at fair value through other comprehensive income	2,579	2,687
Financial assets measured at amortised cost	2,772	1,024
Total	8,883	1,854

4.5 Net other operating income

	Six months ended 30 June	
	2025	2024
Operating leases income	1,606	2,138
Government subsidies	335	216
Others	(1,214)	(847)
Total	727	1,507

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.6 Operating expenses

	Six months ended 30 June	
	2025	2024
Staff costs, including directors' emoluments		
– Salaries, bonuses, allowances and subsidies payables	10,881	10,750
– Post-employment benefits-defined contribution plan	1,548	1,493
Depreciation and amortisation	3,460	3,343
Short-term lease expenses, low-value lease expenses and property management expenses	472	424
Tax and surcharges		
– Urban Maintenance Construction Tax	394	401
– Educational fee surcharge	172	178
– Others	299	303
Office expenses, business expenses and others	4,296	4,561
Total	21,522	21,453

4.7 Credit impairment losses

	Six months ended 30 June	
	2025	2024
Loans and advances to customers	23,452	18,123
Financial assets measured at amortised cost	1,534	1,787
Financial assets at fair value through other comprehensive income	307	(78)
Long-term receivables	540	512
Others	206	207
Total	26,039	20,551

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.8 Other impairment losses

	Six months ended 30 June	
	2025	2024
Foreclosed assets	341	135
Others	5	(26)
Total	346	109

4.9 Income tax expense

	Six months ended 30 June	
	2025	2024
Current income tax for the period	819	4,477
Deferred income tax (Note 4.21)	499	(3,710)
Total	1,318	767

Reconciliation between income tax expense and accounting profit of the Group is listed as follows:

	Six months ended 30 June	
	2025	2024
Profit before income tax	22,794	23,476
Income tax at the tax rate of 25%	5,699	5,869
Effect of non-taxable income (a)	(4,698)	(4,694)
Effect of non-deductible expenses (b)	440	352
Effect of interest expense on perpetual debt	(375)	(860)
Settlement variance and others	252	100
Income tax expense	1,318	767

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.9 Income tax expense *(continued)*

- (a) The non-taxable income mainly represents interest income arising from PRC government bonds and municipal bonds, as well as dividends arising from fund investments, which are exempted from income tax.
- (b) It mainly includes tax effects of losses written-off that are not deductible before tax, as well as business entertainment expenses and deposit insurance premiums in excess of their respective pre-tax deductible limits.

In December 2021, the OECD published Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (the “Pillar Two”).

The Group is within the scope of the Pillar Two rules. Some members of our group are involved in the legislation of Pillar 2 regulations in their jurisdiction, which will take effect from 2025. The Group is currently analysing the potential impact of Pillar Two.

4.10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity shareholders of the Bank by the weighted average number of issued ordinary shares during the period. Diluted earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity shareholders of the Bank by the adjusted weighted average number of ordinary shares in issue.

The Bank issued non-cumulative preference shares and perpetual bonds in 2019, 2021, 2022, 2024 and 2025 respectively under the terms and conditions as detailed in Note 4.34 Preference Shares and Note 4.35 Perpetual Bonds.

The conversion feature of the preference shares is considered to fall within contingently issuable ordinary shares. The triggering events of conversion did not occur as at 30 June 2025 and 31 December 2024, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation for the six months ended 30 June 2025 and for the six months ended 30 June 2024.

	Six months ended 30 June	
	2025	2024
Profit for the period attributable to equity holders of the Bank	21,380	22,474
Less: Profit for the period attributable to other equity instrument holders of the Bank	(1,500)	(3,440)
Net profit attributable to ordinary equity holders of the Bank	19,880	19,034
Weighted average number of ordinary shares in issue (in millions)	43,782	43,782
Basic/Diluted earnings per share (in RMB Yuan)	0.45	0.43

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.11 Cash and balances with central bank

	30 June 2025	31 December 2024
Cash	4,979	5,260
Balances with central bank		
Mandatory reserve deposits	224,800	241,643
Surplus reserve deposits	54,388	37,561
Fiscal deposits and others	914	864
Subtotal	280,102	280,068
Interest accrued	102	121
Total	285,183	285,449

The Group places mandatory reserve deposits in accordance with the relevant provisions of PBOC or local regulators. The mandatory reserve deposits are not available for use in the Group's daily business.

As at 30 June 2025 the mandatory reserve deposits rate applicable to domestic branches of the Bank for RMB deposits is 5.5% (31 December 2024: 6.0%) and the reserve rate for foreign currency deposits is 4.0% (31 December 2024: 4.0%). The amount of mandatory reserve deposits of the subsidiaries and overseas branches of the Group are determined by local jurisdiction.

Surplus reserve deposits maintained with the PBOC is for the purposes of clearing interbank transactions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.12 Balances with banks and other financial institutions

	30 June 2025	31 December 2024
China mainland		
– Banks	105,945	82,973
– Other financial institutions	10,797	7,624
Subtotal	116,742	90,597
Overseas		
– Banks	26,461	25,766
– Other financial institutions	1,574	1,260
Subtotal	28,035	27,026
Interest accrued	110	110
Less: Allowance for impairment losses	(8)	(2)
Total	144,879	117,731

For the six months ended 30 June 2025 and for the year ended 31 December 2024, there was no transfer of the movements in carrying amount of book value and the impairment loss allowances of balances with banks and other financial institutions between stages.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.13 Placements with banks and other financial institutions

	30 June 2025	31 December 2024
China mainland		
– Banks	640	5,534
– Other financial institutions	127,648	122,702
Subtotal	128,288	128,236
Overseas		
– Banks	31,414	55,732
– Other financial institutions	4,465	3,506
Subtotal	35,879	59,238
Interest accrued	410	467
Less: Allowance for impairment losses	(1,649)	(1,485)
Total	162,928	186,456

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.13 Placements with banks and other financial institutions (*continued*)

(1) Movements in allowance for impairment losses of placements with banks and other financial institutions

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(292)	–	(1,193)	(1,485)
Net charge	(164)	–	–	(164)
Balance as at 30 June 2025	(456)	–	(1,193)	(1,649)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	(537)	–	(976)	(1,513)
Net reversal/(charge)	250	–	(217)	33
Others	(5)	–	–	(5)
Balance as at 31 December 2024	(292)	–	(1,193)	(1,485)

4.14 Derivatives

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments mainly including forwards, swaps and options.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.14 Derivatives (*continued*)

(1) The notional amount and fair value of unexpired derivative financial instruments held by the Group are set out in the following tables

	30 June 2025		
	Notional amount	Fair value Assets	Liabilities
Foreign exchange derivatives	4,657,566	20,374	(20,167)
Interest rate derivatives	2,954,690	1,362	(1,093)
Precious metal derivatives	100,223	2,356	(10,181)
Others	2,369	40	(2)
Total		24,132	(31,443)

	31 December 2024		
	Notional amount	Fair value Assets	Liabilities
Foreign exchange derivatives	3,259,181	26,568	(25,530)
Interest rate derivatives	2,417,938	1,844	(687)
Precious metal derivatives	74,984	1,839	(7,856)
Others	1,941	32	–
Total		30,283	(34,073)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.14 Derivatives *(continued)*

(2) Hedges

		30 June 2025		
		Notional amount	Fair value Assets	Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	30,433	82	(121)
Fair value hedges				
– Interest Rate swap contracts	(b)	56,213	116	(352)
Total			198	(473)

		31 December 2024		
		Notional amount	Fair value Assets	Liabilities
Cash flow hedges				
– Currency swap contracts	(a)	17,517	24	(235)
Fair value hedges				
– Interest rate swap contracts	(b)	59,147	379	(127)
Total			403	(362)

- (a) The Group uses foreign exchange swaps to hedge against cash flow fluctuations arising from its exposures to foreign exchange risks. The hedged items include foreign bond investments of the Group, loans and advances denominated in foreign currencies, and foreign currency lending to other banks and financial institutions. For the six months ended 30 June 2025 and for the six months ended 30 June 2024, the accumulative profits or losses recognised in other comprehensive income arising from fair value changes of cash flow hedging instruments were insignificant.
- (b) The Group uses interest rate swaps to hedge against changes in fair value of fixed rate bonds. For the six months ended 30 June 2025 and for the six months ended 30 June 2024, the fair value changes of hedging instruments and the net gains or losses arising from the hedged risk relating to the hedged items, which were the ineffective part of fair value hedging recognised in fair value changes, were insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.15 Financial assets held under resale agreements

Financial assets held under resale agreements are listed as follows according to collateral:

	30 June 2025	31 December 2024
Bonds	34,388	76,538
Others	435	435
Subtotal	34,823	76,973
Interest accrued	31	32
Less: Allowance for impairment losses	(46)	(47)
Total	34,808	76,958

For the six months ended 30 June 2025 and for the year ended 31 December 2024, the transfer of book value and the allowance for impairment losses of financial assets held under resale agreements between stages were insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.16 Loans and advances to customers

	30 June 2025	31 December 2024
Measured at amortised cost:		
Corporate loans and advances		
– Corporate loans	2,583,590	2,447,412
Personal loans and advances		
– Micro lending (a)	620,898	643,014
– Residential mortgage	579,555	559,218
– Credit cards	449,902	477,247
– Others	92,280	91,080
Gross balance	1,742,635	1,770,559
Less: Allowance for impairment losses	(95,115)	(92,404)
Subtotal	4,231,110	4,125,567
Measured at fair value through other comprehensive income:		
Corporate loans and advances		
– Corporate loans	24,509	13,500
– Discounted bills	119,140	219,009
Subtotal	143,649	232,509
Interest accrued	39,006	37,960
Total	4,413,765	4,396,036

(a) Micro lending is a loan product offered to the micro enterprise owners and proprietors.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.16 Loans and advances to customers (*continued*)

(1) Loans and advances to customers (excluding interest accrued) analysed by types of collateral

	30 June 2025		31 December 2024	
	Amount	(%)	Amount	(%)
Unsecured loans	1,417,558	31.71	1,351,269	30.36
Guaranteed loans	912,083	20.41	838,572	18.84
Loans secured by				
– Tangible assets other than monetary assets	1,759,838	39.37	1,759,337	39.53
– Monetary assets	380,395	8.51	501,302	11.27
Total	4,469,874	100.00	4,450,480	100.00

(2) Overdue loans (excluding interest accrued) analysed by overdue period

	30 June 2025				
	Less than 3 months	3 months to 1 year	1 to 3 years	More than 3 years	Total
Unsecured loans	15,177	11,186	7,915	1,930	36,208
Guaranteed loans	750	7,145	5,186	2,180	15,261
Loans secured by					
– Tangible assets other than monetary assets	8,191	14,704	11,823	2,902	37,620
– Monetary assets	1,874	5,292	1,313	499	8,978
Total	25,992	38,327	26,237	7,511	98,067
% of total loans and advances to customers	0.58	0.86	0.58	0.17	2.19

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.16 Loans and advances to customers *(continued)*

(2) Overdue loans (excluding interest accrued) analysed by overdue period *(continued)*

	31 December 2024				Total
	Less than 3 months	3 months to 1 year	1 to 3 years	More than 3 years	
Unsecured loans	11,596	10,840	6,652	1,971	31,059
Guaranteed loans	3,230	4,922	5,109	1,043	14,304
Loans secured by					
– Tangible assets other than monetary assets	10,021	12,815	17,478	2,156	42,470
– Monetary assets	2,719	1,214	689	504	5,126
Total	27,566	29,791	29,928	5,674	92,959
 % of total loans and advances to customers	 0.62	 0.67	 0.67	 0.13	 2.09

Overdue loans represent loans of which the principal or interest are overdue for 1 day or more.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.16 Loans and advances to customers (*continued*)

(3) Movements in allowance for impairment losses

(a) Movements in allowance for impairment losses of loans and advances to customers measured at amortised cost are as follows

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(26,369)	(23,025)	(43,010)	(92,404)
Transfer:				
to stage 1	(1,775)	1,485	290	–
to stage 2	486	(581)	95	–
to stage 3	136	3,380	(3,516)	–
Net reversal/(charge)	1,917	(5,791)	(19,650)	(23,524)
Write-offs and transfer out	–	–	23,834	23,834
Recoveries of amounts previously written-off	–	–	(3,857)	(3,857)
Others	(6)	(3)	845	836
Balance as at 30 June 2025	(25,611)	(24,535)	(44,969)	(95,115)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	(26,033)	(25,422)	(45,338)	(96,793)
Transfer:				
to stage 1	(2,620)	2,334	286	–
to stage 2	639	(829)	190	–
to stage 3	343	4,071	(4,414)	–
Net reversal/(charge)	1,308	(3,177)	(37,109)	(38,978)
Write-offs and transfer out	–	–	51,183	51,183
Recoveries of amounts previously written-off	–	–	(8,844)	(8,844)
Others	(6)	(2)	1,036	1,028
Balance as at 31 December 2024	(26,369)	(23,025)	(43,010)	(92,404)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.16 Loans and advances to customers *(continued)*

(3) Movements in allowance for impairment losses *(continued)*

(b) Movements in allowance for impairment losses of loans and advances to customers at fair value through other comprehensive income are as follows

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(274)	(1)	(450)	(725)
Net reversal/(charge)	30	(6)	48	72
Recoveries of amounts previously written-off	–	–	(48)	(48)
Balance as at 30 June 2025	(244)	(7)	(450)	(701)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	(199)	(2)	(450)	(651)
Net (charge)/reversal	(75)	1	46	(28)
Recoveries of amounts previously written-off	–	–	(46)	(46)
Balance as at 31 December 2024	(274)	(1)	(450)	(725)

4.17 Financial investments

		30 June 2025	31 December 2024
Financial assets at fair value through profit or loss	(1)	375,135	377,457
Financial assets measured at amortised cost	(2)	1,385,594	1,480,798
Financial assets at fair value through other comprehensive income	(3)	588,137	540,447
Total		2,348,866	2,398,702

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.17 Financial investments (*continued*)

(1) Financial assets at fair value through profit or loss

	30 June 2025	31 December 2024
Held for trading purpose		
Debt securities		
Government	42,886	14,782
Policy banks	84,190	51,789
Banks and non-bank financial institutions	11,604	49,428
Corporates	30,401	32,841
Subtotal	169,081	148,840
Equity investments	486	1,655
Investment funds (a)	2,676	2,314
Subtotal	172,243	152,809
Other financial assets at fair value through profit or loss		
Debt securities		
Banks and non-bank financial institutions	3,408	16,693
Corporates	1,324	10,678
Equity investments	21,584	15,581
Investment funds (a)	150,081	159,584
Trust and asset management plans (b)	20,842	18,254
Others	5,653	3,858
Subtotal	202,892	224,648
Total	375,135	377,457

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.17 Financial investments *(continued)*

(1) Financial assets at fair value through profit or loss *(continued)*

	30 June 2025	31 December 2024
Listed	170,538	175,678
– Of which: Listed in Hong Kong	3,622	5,642
Unlisted	204,597	201,779
Total	375,135	377,457

Debt securities traded in China Domestic Interbank Bond Market are classified as listed bonds.

- (a) As at 30 June 2025 and 31 December 2024, the underlying investment funds primarily include public bond funds and public money market funds.
- (b) As at 30 June 2025 and 31 December 2024, the underlying assets of trust and asset management plans primarily include bonds and others (Note 10.2 (7)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.17 Financial investments (*continued*)

(2) Financial assets measured at amortised cost

	30 June 2025	31 December 2024
Debt securities		
Government	1,100,541	1,155,464
Policy banks	63,162	73,798
Banking and non-banking financial institutions	58,091	65,452
Corporates	116,554	134,681
Subtotal	1,338,348	1,429,395
Trust and asset management plans (a)	30,051	32,210
Debt financing plans	8,522	8,525
Others	2,657	2,973
Interest accrued	16,348	19,143
Less: Allowance for impairment losses	(10,332)	(11,448)
Total	1,385,594	1,480,798
Listed	1,319,159	1,411,178
– Of which: Listed in Hong Kong	8,023	8,632
Unlisted	60,419	61,925
Interest accrued	16,348	19,143
Less: Allowance for impairment losses	(10,332)	(11,448)
Total	1,385,594	1,480,798

(a) As at 30 June 2025 and 31 December 2024, the underlying assets of trust and asset management plans primarily are credit assets (Note 10.2(7)).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.17 Financial investments *(continued)*

(2) Financial assets measured at amortised cost *(continued)*

(b) Movements in allowance for impairment losses

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(1,467)	(401)	(9,580)	(11,448)
Transfer:				
to stage 2	–	(126)	126	–
to stage 3	39	–	(39)	–
Net reversal/(charge)	296	69	(1,899)	(1,534)
Write-offs and transfer out	–	–	2,381	2,381
Recoveries of amounts previously written-off	–	–	(137)	(137)
Others	(1)	–	407	406
Balance as at 30 June 2025	(1,133)	(458)	(8,741)	(10,332)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	(2,016)	(340)	(7,854)	(10,210)
Transfer:				
to stage 2	53	(330)	277	–
to stage 3	10	557	(567)	–
Net reversal/(charge)	514	(288)	(4,691)	(4,465)
Write-offs and transfer out	–	–	2,665	2,665
Recoveries of amounts previously written-off	–	–	(201)	(201)
Others	(28)	–	791	763
Balance as at 31 December 2024	(1,467)	(401)	(9,580)	(11,448)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.17 Financial investments (*continued*)

(3) Financial assets at fair value through other comprehensive income

	30 June 2025	31 December 2024
Debt securities		
Government	201,287	191,141
Policy banks	48,290	33,808
Banks and non-bank financial institutions	190,269	173,067
Corporates	135,010	129,421
Subtotal	574,856	527,437
Equity investments	7,819	7,512
Interest accrued	5,462	5,498
Total	588,137	540,447
Listed	536,292	515,730
– Of which: Listed in Hong Kong	19,606	23,713
Unlisted	46,383	19,219
Interest accrued	5,462	5,498
Total	588,137	540,447

The Group designates certain non-trading equity investments as financial assets at fair value through other comprehensive income. For the six months ended 30 June 2025, dividend income of RMB0.25 million (for the six months ended 30 June 2024: RMB0.22 million) recognised for such equity investments was included in the profit or loss. The amount transferred from other comprehensive income to retained earnings on disposal of such equity instruments was insignificant for the six months ended 30 June 2025 (for the six months ended 30 June 2024: insignificant).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.17 Financial investments *(continued)*

(3) Financial assets at fair value through other comprehensive income *(continued)*

A. Fair value

	30 June 2025	31 December 2024
Debt securities		
Cost	579,951	530,931
Cumulative amount of change in fair value that is accrued to other comprehensive income	367	2,004
Fair value	580,318	532,935
Equity investment		
Cost	4,288	4,280
Cumulative amount of change in fair value that is accrued to other comprehensive income	3,531	3,232
Fair value	7,819	7,512
Total	588,137	540,447

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.17 Financial investments (*continued*)

(3) Financial assets at fair value through other comprehensive income (*continued*)

B. Movements in allowance for impairment losses

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(892)	(11)	(1,546)	(2,449)
Net reversal/(charge)	16	(11)	(312)	(307)
Write-offs and transfer out	–	–	121	121
Others	(70)	–	–	(70)
Balance as at 30 June 2025	(946)	(22)	(1,737)	(2,705)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	(777)	(66)	(1,333)	(2,176)
Transfer:				
to stage 2	3	(3)	–	–
to stage 3	–	56	(56)	–
Net (charge)/reversal	(219)	2	(157)	(374)
Write-offs and transfer out	–	–	–	–
Others	101	–	–	101
Balance as at 31 December 2024	(892)	(11)	(1,546)	(2,449)

As at 30 June 2025, the financial assets at fair value through other comprehensive income included credit-impaired financial assets of which carrying amount was RMB954 million (31 December 2024: RMB1,214 million), with allowance for impairment losses of RMB1,737 million (31 December 2024: RMB1,546 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.18 Long-term receivables

	30 June 2025	31 December 2024
Finance lease receivables	23,259	24,852
Sales and leaseback receivables	97,477	104,619
Less: Unearned finance lease income	(13,297)	(14,227)
Present value of minimum finance lease receivables	107,439	115,244
Less: Allowance for impairment losses	(2,762)	(2,862)
Total	104,677	112,382

(1) Finance lease receivables are analysed by the remaining terms as follows

	30 June 2025	31 December 2024
Indefinite (a)	8,861	8,462
Less than 1 year	52,407	55,186
1 year to 2 years	25,652	33,758
2 years to 3 years	11,402	16,662
3 years to 5 years	9,167	7,922
More than 5 years	13,247	7,481
Total	120,736	129,471

(a) The amount represents the balances being impaired or overdue for more than one month.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.18 Long-term receivables (*continued*)

(2) Movements in allowance for impairment losses of long-term receivables

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(675)	(413)	(1,774)	(2,862)
Transfer:				
to stage 1	(63)	50	13	–
to stage 2	22	(25)	3	–
to stage 3	18	98	(116)	–
Net reversal/(charge)	99	(116)	(523)	(540)
Write-offs and transfer out	–	–	912	912
Recoveries of amounts previously written-off	–	–	(274)	(274)
Others	2	–	–	2
Balance as at 30 June 2025	(597)	(406)	(1,759)	(2,762)

	Year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	(707)	(436)	(1,636)	(2,779)
Transfer:				
to stage 1	(2)	1	1	–
to stage 2	193	(196)	3	–
to stage 3	315	250	(565)	–
Net charge	(477)	(31)	(590)	(1,098)
Write-offs and transfer out	–	–	1,186	1,186
Recoveries of amounts previously written-off	–	–	(169)	(169)
Others	3	(1)	(4)	(2)
Balance as at 31 December 2024	(675)	(413)	(1,774)	(2,862)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.19 Property and equipment

	30 June 2025	31 December 2024
Property and equipment	57,574	59,345
Property and equipment to be disposed	12	2
Total	57,586	59,347

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2025	25,034	3,995	10,680	445	43,246	7,186	90,586
Increase	–	107	112	1	452	324	996
Decrease and other movement	(23)	(470)	(304)	(7)	(935)	(155)	(1,894)
Balance as at 30 June 2025	25,011	3,632	10,488	439	42,763	7,355	89,688
Accumulated depreciation							
Balance as at 1 January 2025	(7,923)	(2,731)	(7,686)	(376)	(11,587)	–	(30,303)
Increase	(413)	(257)	(451)	(10)	(701)	–	(1,832)
Decrease and other movement	12	433	295	6	214	–	960
Balance as at 30 June 2025	(8,324)	(2,555)	(7,842)	(380)	(12,074)	–	(31,175)
Impairment losses							
Balance as at 1 January 2025	–	–	(1)	–	(518)	(419)	(938)
Increase	–	–	–	–	(3)	–	(3)
Decrease and other movement	–	–	–	–	1	1	2
Balance as at 30 June 2025	–	–	(1)	–	(520)	(418)	(939)
Carrying amount							
Balance as at 1 January 2025	17,111	1,264	2,993	69	31,141	6,767	59,345
Balance as at 30 June 2025	16,687	1,077	2,645	59	30,169	6,937	57,574

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.19 Property and equipment (*continued*)

	Buildings	Leasehold improvement	Office equipment and others	Motor vehicles	Operating lease fixed assets	Construction in progress ("CIP")	Total
Original cost							
Balance as at 1 January 2024	23,345	3,921	10,172	470	44,602	7,885	90,395
Increase	232	569	1,116	7	4,047	1,029	7,000
CIP transfers	1,630	–	–	–	–	(1,728)	(98)
Decrease and other movement	(173)	(495)	(608)	(32)	(5,403)	–	(6,711)
Balance as at 31 December 2024	25,034	3,995	10,680	445	43,246	7,186	90,586
Accumulated depreciation							
Balance as at 1 January 2024	(7,195)	(2,629)	(7,316)	(382)	(11,453)	–	(28,975)
Increase	(792)	(570)	(931)	(23)	(1,866)	–	(4,182)
Decrease and other movement	64	468	561	29	1,732	–	2,854
Balance as at 31 December 2024	(7,923)	(2,731)	(7,686)	(376)	(11,587)	–	(30,303)
Impairment losses							
Balance as at 1 January 2024	–	–	–	–	(523)	(413)	(936)
Increase	–	–	(1)	–	(18)	–	(19)
Decrease and other movement	–	–	–	–	23	(6)	17
Balance as at 31 December 2024	–	–	(1)	–	(518)	(419)	(938)
Carrying amount							
Balance as at 1 January 2024	16,150	1,292	2,856	88	32,626	7,472	60,484
Balance as at 31 December 2024	17,111	1,264	2,993	69	31,141	6,767	59,345

As at 30 June 2025 and 31 December 2024, the Group did not have any property and equipment which were acquired by means of finance lease or held for sale.

As at 30 June 2025, there were still certain properties and buildings, with a carrying value of RMB296 million (31 December 2024: RMB306 million), in the process of registration for certificates of ownership. The management believes such proceedings would not weaken the Group's rights to these assets nor have any significant impact on the Group's operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.20 Lease contract

(1) Right-of-use assets

	Buildings	Transportation facilities	Office equipment and others	Land use rights	Total
Original cost					
Balance as at 1 January 2025	18,998	3	90	4,688	23,779
Increase	1,297	–	8	32	1,337
Decrease	(2,159)	–	(1)	(152)	(2,312)
Balance as at 30 June 2025	18,136	3	97	4,568	22,804
Accumulated depreciation/ amortisation					
Balance as at 1 January 2025	(9,475)	(1)	(32)	(1,621)	(11,129)
Increase	(1,437)	–	(7)	(66)	(1,510)
Decrease	1,757	–	1	43	1,801
Balance as at 30 June 2025	(9,155)	(1)	(38)	(1,644)	(10,838)
Carrying amount					
Balance as at 1 January 2025	9,523	2	58	3,067	12,650
Balance as at 30 June 2025	8,981	2	59	2,924	11,966

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.20 Lease contract (*continued*)

(1) Right-of-use assets (*continued*)

	Buildings	Transportation facilities	Office equipment and others	Land use rights	Total
Original cost					
Balance as at 1 January 2024	19,158	–	95	4,646	23,899
Increase	2,938	3	7	70	3,018
Decrease	(3,098)	–	(12)	(28)	(3,138)
Balance as at 31 December 2024	18,998	3	90	4,688	23,779
Accumulated depreciation/ amortisation					
Balance as at 1 January 2024	(9,081)	–	(28)	(1,511)	(10,620)
Increase	(2,933)	(1)	(13)	(110)	(3,057)
Decrease	2,539	–	9	–	2,548
Balance as at 31 December 2024	(9,475)	(1)	(32)	(1,621)	(11,129)
Carrying amount					
Balance as at 1 January 2024	10,077	–	67	3,135	13,279
Balance as at 31 December 2024	9,523	2	58	3,067	12,650

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.20 Lease contract (*continued*)

(2) Lease liabilities

	30 June 2025	31 December 2024
Lease liabilities	8,614	9,078

As at 30 June 2025, the Group's lease payments relating to lease contracts signed but yet to be executed amounted to RMB130 million (31 December 2024: RMB113 million).

4.21 Deferred income tax assets and liabilities

(1) Deferred income tax items

	30 June 2025	31 December 2024
Deferred income tax assets	58,150	58,149
Deferred income tax liabilities	(239)	(243)
Total	57,911	57,906

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.21 Deferred income tax assets and liabilities (*continued*)

(2) Deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows

	30 June 2025		31 December 2024	
	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences	Deferred income tax assets/(liabilities)	Deductible/(taxable) temporary differences
Deferred income tax assets				
Asset impairment allowance	58,958	235,831	57,461	229,864
Employee benefits payable	2,460	9,841	3,380	13,518
Fair value losses of derivatives	7,736	30,945	8,424	33,697
Fair value losses of financial assets at fair value through other comprehensive loss	17	70	44	178
Financial assets at fair value through profit or loss	1,388	5,554	2,566	10,263
Lease liabilities	2,152	8,608	2,259	9,084
Others	323	1,292	330	1,324
Subtotal	73,034	292,141	74,464	297,928
Deferred income tax liabilities				
Fair value gains of derivatives	(5,962)	(23,846)	(7,448)	(29,794)
Fair value gain of financial assets at fair value through other comprehensive income	(1,741)	(6,964)	(2,272)	(9,094)
Financial assets at fair value through profit or income	(4,918)	(19,672)	(4,246)	(17,054)
Right-of-use assets	(2,310)	(9,240)	(2,385)	(9,589)
Others	(192)	(768)	(207)	(776)
Subtotal	(15,123)	(60,490)	(16,558)	(66,307)
Deferred income tax assets, net	57,911	231,651	57,906	231,621

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.21 Deferred income tax assets and liabilities (*continued*)

(3) Movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows

	Asset impairment allowance	Fair value losses	Others	Gross deferred income tax assets	Gross deferred income tax liabilities
Balance as at 1 January 2025	57,461	11,034	5,969	74,464	(16,558)
Recognised in profit or loss	1,497	(1,866)	(1,034)	(1,403)	904
Recognised in other comprehensive income	–	(27)	–	(27)	531
Balance as at 30 June 2025	58,958	9,141	4,935	73,034	(15,123)
Balance as at 1 January 2024	50,886	9,578	6,944	67,408	(13,030)
Recognised in profit or loss	6,575	1,684	(975)	7,284	(2,176)
Recognised in other comprehensive income	–	(228)	–	(228)	(1,352)
Balance as at 31 December 2024	57,461	11,034	5,969	74,464	(16,558)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.22 Investment in subsidiaries

(1) Directly held subsidiaries

	30 June 2025	31 December 2024
Minsheng Financial Leasing Co., Ltd. ("Minsheng Financial Leasing")	3,302	3,302
CMBC International Holdings Limited ("CMBC International")	3,494	3,494
Minsheng Royal Fund Limited ("Minsheng Royal Fund")	190	190
CMBC Wealth Management Co., Ltd. ("CMBC Wealth Management")	5,000	5,000
Pengzhou Rural Bank Co., Ltd. ("Pengzhou Rural Bank")	20	20
Cixi Rural Bank Co., Ltd. ("Cixi Rural Bank")	107	107
Songjiang Rural Bank Co., Ltd. ("Songjiang Rural Bank")	70	70
Qijiang Rural Bank Co., Ltd. ("Qijiang Rural Bank")	30	30
Tongnan Rural Bank Co., Ltd. ("Tongnan Rural Bank")	27	25
Meihekou Rural Bank Co., Ltd. ("Meihekou Rural Bank")	188	184
Ziyang Rural Bank Co., Ltd. ("Ziyang Rural Bank")	172	172
Jiangxia Rural Bank Co., Ltd. ("Jiangxia Rural Bank")	41	41
Changyuan Rural Bank Co., Ltd. ("Changyuan Rural Bank")	26	26
Yidu Rural Bank Co., Ltd. ("Yidu Rural Bank")	26	26
Jiading Rural Bank Co., Ltd. ("Jiading Rural Bank")	102	102
Zhongxiang Rural Bank Co., Ltd. ("Zhongxiang Rural Bank")	36	36
Penglai Rural Bank Co., Ltd. ("Penglai Rural Bank")	51	51
Anxi Rural Bank Co., Ltd. ("Anxi Rural Bank")	74	74
Funing Rural Bank Co., Ltd. ("Funing Rural Bank")	52	52
Taichang Rural Bank Co., Ltd. ("Taichang Rural Bank")	76	76

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.22 Investment in subsidiaries *(continued)*

(1) Directly held subsidiaries *(continued)*

	30 June 2025	31 December 2024
Ningjin Rural Bank Co., Ltd. ("Ningjin Rural Bank")	20	20
Zhangpu Rural Bank Co., Ltd. ("Zhangpu Rural Bank")	25	25
Puer Rural Bank Co., Ltd. ("Puer Rural Bank")	15	15
Jinghong Rural Bank Co., Ltd. ("Jinghong Rural Bank")	60	60
Zhidan Rural Bank Co., Ltd. ("Zhidan Rural Bank")	7	7
Ningguo Rural Bank Co., Ltd. ("Ningguo Rural Bank")	20	20
Yuyang Rural Bank Co., Ltd. ("Yuyang Rural Bank")	25	25
Guichi Rural Bank Co., Ltd. ("Guichi Rural Bank")	26	26
Tiantai Rural Bank Co., Ltd. ("Tiantai Rural Bank")	31	31
Tianchang Rural Bank Co., Ltd. ("Tianchang Rural Bank")	20	20
Tengchong Rural Bank Co., Ltd. ("Tengchong Rural Bank")	20	20
Xiang'an Rural Bank Co., Ltd. ("Xiang'an Rural Bank")	36	36
Linzhi Rural Bank Co., Ltd. ("Linzhi Rural Bank")	45	45
Total	13,434	13,428

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.22 Investment in subsidiaries (*continued*)

(2) Basic information of directly held subsidiaries

Name		Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Minsheng Financial Leasing		Tianjin China	Leasing	RMB 5,095 million	54.96%	54.96%
CMBC International		Hong Kong China	Investment banking	HKD 4,207 million	100.00%	100.00%
Minsheng Royal Fund		Guangdong China	Fund management	RMB 300 million	63.33%	63.33%
CMBC Wealth Management		Beijing China	Wealth Management	RMB 5,000 million	100.00%	100.00%
Pengzhou Rural Bank	(a)	Sichuan China	Commercial bank	RMB 55 million	36.36%	36.36%
Cixi Rural Bank		Zhejiang China	Commercial bank	RMB 189 million	64.68%	64.68%
Songjiang Rural Bank	(a)	Shanghai China	Commercial bank	RMB 150 million	35.00%	35.00%
Qijiang Rural Bank	(b)	Chongqing China	Commercial bank	RMB 61.57 million	48.73%	51.27%
Tongnan Rural Bank	(a)(c)	Chongqing China	Commercial bank	RMB 50 million	55.00%	55.00%
Meihekou Rural Bank	(d)	Jilin China	Commercial bank	RMB 193 million	99.06%	99.06%
Ziyang Rural Bank		Sichuan China	Commercial bank	RMB 211 million	81.41%	81.41%
Jiangxia Rural Bank		Hubei China	Commercial bank	RMB 86 million	51.00%	51.00%
Changyuan Rural Bank		Henan China	Commercial bank	RMB 50 million	51.00%	51.00%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.22 Investment in subsidiaries *(continued)*

(2) Basic information of directly held subsidiaries *(continued)*

Name	Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Yidu Rural Bank	Hubei China	Commercial bank	RMB 52.4 million	51.00%	51.00%
Jiading Rural Bank	Shanghai China	Commercial bank	RMB 200 million	51.00%	51.00%
Zhongxiang Rural Bank	Hubei China	Commercial bank	RMB 70 million	51.00%	51.00%
Penglai Rural Bank	Shandong China	Commercial bank	RMB 100 million	51.00%	51.00%
Anxi Rural Bank	Fujian China	Commercial bank	RMB 128 million	57.99%	57.99%
Funing Rural Bank	Jiangsu China	Commercial bank	RMB 85 million	51.00%	51.00%
Taicang Rural Bank	Jiangsu China	Commercial bank	RMB 135 million	51.00%	51.00%
Ningjin Rural Bank	Hebei China	Commercial bank	RMB 40 million	51.00%	51.00%
Zhangpu Rural Bank	Fujian China	Commercial bank	RMB 50 million	51.00%	51.00%
Puer Rural Bank	Yunnan China	Commercial bank	RMB 30 million	51.00%	51.00%
Jinghong Rural Bank	Yunnan China	Commercial bank	RMB 75 million	80.40%	80.40%
Zhidan Rural Bank	Shaanxi China	Commercial bank	RMB 15 million	51.00%	51.00%
Ningguo Rural Bank	Anhui China	Commercial bank	RMB 41.6 million	51.00%	51.00%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.22 Investment in subsidiaries (*continued*)

(2) Basic information of directly held subsidiaries (*continued*)

Name	Place of incorporation and operation	Principal activities	Registered capital	% of ownership held by the Bank	% of voting rights held by the Bank
Yuyang Rural Bank	Shaanxi China	Commercial bank	RMB 59.4 million	51.00%	51.00%
Guichi Rural Bank	Anhui China	Commercial bank	RMB 53 million	51.00%	51.00%
Tiantai Rural Bank	Zhejiang China	Commercial bank	RMB 60 million	51.00%	51.00%
Tianchang Rural Bank	Anhui China	Commercial bank	RMB 43.68 million	51.00%	51.00%
Tengchong Rural Bank	Yunnan China	Commercial bank	RMB 52 million	51.00%	51.00%
Xiang'an Rural Bank	Fujian China	Commercial bank	RMB 77 million	51.00%	51.00%
Linzhi Rural Bank	Tibet China	Commercial bank	RMB 56.6 million	86.11%	86.11%

- (a) Although the Bank holds half or less than half of the voting rights in these rural banks, it has the majority of the seats in their boards of directors, which enables it to govern their operating policies. These companies are regarded as the Bank's subsidiaries and have been consolidated in these financial statements.
- (b) Some natural person shareholders and the Bank signed a concerted action agreement, stipulating that the parties should take "concerted action", the Bank is deemed to have control over the subsidiary and includes it in the scope of consolidated financial statements.
- (c) The Bank has completed the acquisition of a total of 2.50 million shares of Tongnan Rural Bank held by minority shareholders. As at 30 June, 2025, the Bank's ownership of equity shares and voting rights of Tongnan Rural Bank have changed to 55.00% (December 31, 2024: 50.00%).
- (d) The Bank has completed the acquisition of a total of 4.00 million shares of Meihekou Rural Bank held by minority shareholders. As at 30 June, 2025, the Bank's ownership of equity shares and voting rights of Meihekou Rural Bank have changed to 99.06% (December 31, 2024: 98.30%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.23 Other assets

		30 June 2025	31 December 2024
Interest receivable	(1)	10,105	10,970
Prepayments for leased assets	(2)	6,437	6,491
Other debt receivables and advances		5,777	5,552
Intangible assets	(3)	4,983	4,962
Foreclosed assets	(4)	4,878	4,941
Fee and commission receivable		3,212	3,328
Items in the process of clearance and settlement		3,077	2,610
Investment properties		2,777	2,820
Prepayment		2,590	2,691
Long-term deferred expenses		1,565	1,713
Research and development engineering		1,478	1,512
Legal costs receivable		1,429	1,419
Continuously involved assets		999	999
Goodwill	(5)	210	213
Operating lease receivable		201	85
Others		5,743	4,611
Subtotal		55,461	54,917
Less: Allowance for impairment losses			
– Foreclosed assets		(665)	(800)
– Others		(4,355)	(4,427)
Total		50,441	49,690

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.23 Other assets (*continued*)

(1) In accordance with the requirements of the Notice on the Revision and Issuance of the Format of Financial Statements of Financial Enterprises in 2018, the interests of financial instruments at the reporting date are listed in the financial instruments using the effective interest rate method. Interests of relevant financial instruments which were past due but have not been collected at the reporting date are listed in other assets.

(2) Prepayments for leased assets are the prepayments made by the Group for acquiring leased assets which would be finance leased out or operating leased out.

(3) Intangible assets

	Six months ended 30 June 2025	Year ended 31 December 2024
Cost		
Balance as at 1 January	12,634	9,114
Increase	792	3,522
Decrease	(37)	(2)
Balance as at 30 June/31 December	13,389	12,634
Accumulated amortisation		
Balance as at 1 January	(7,672)	(6,384)
Increase	(771)	(1,300)
Decrease	37	12
Balance as at 30 June/31 December	(8,406)	(7,672)
Carrying amount		
Balance as at 1 January	4,962	2,730
Balance as at 30 June/31 December	4,983	4,962

(4) Foreclosed assets include buildings, land use rights and transportation facilities. The Group disposed foreclosed assets of RMB937 million for the six months ended 30 June 2025 (For the six months ended 30 June 2024: RMB408 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.23 Other assets (*continued*)

(5) Goodwill arising from CMBC International

	Six months ended 30 June 2025	Year ended 31 December 2024
Balance as at 1 January	213	208
Exchange difference	(3)	5
Balance as at 30 June/31 December	210	213

As at 30 June 2025 and 31 December 2024, no impairment loss of the Group's goodwill is recognised.

4.24 Allowances for impairment losses

	Note 4	Six months ended 30 June 2025				Balances as at 30 June 2025
		Balances as at 1 January 2025	Net charge/ (reversal) for the period	Write-offs and transfer out	Other	
Balances with banks and other financial institutions	12	2	6	–	–	8
Placements with banks and other financial institutions	13	1,485	164	–	–	1,649
Financial assets held under resale agreements	15	47	(1)	–	–	46
Loans and advances to customers	16	93,129	23,452	(23,834)	3,069	95,816
Financial investments	17	13,897	1,841	(2,502)	(199)	13,037
Long-term receivables	18	2,862	540	(912)	272	2,762
Property and equipment	19	938	3	–	(2)	939
Other assets	23	5,227	440	(647)	–	5,020
Total		117,587	26,445	(27,895)	3,140	119,277

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.24 Allowances for impairment losses (*continued*)

		Year ended 31 December 2024			
		Balances as at 1 January 2024	Net charge/ (reversal) for the year	Write-offs and transfer out	Balances as at 31 December 2024
	Note 4			Other	
Balances with banks and other financial institutions	12	4	298	–	(300) 2
Placements with banks and other financial institutions	13	1,513	(33)	–	5 1,485
Financial assets held under resale agreements	15	26	21	–	– 47
Loans and advances to customers	16	97,444	39,006	(51,183)	7,862 93,129
Financial investments	17	12,386	4,839	(2,665)	(663) 13,897
Long-term receivables	18	2,779	1,098	(1,186)	171 2,862
Property and equipment	19	936	19	–	(17) 938
Other assets	23	5,007	846	(626)	– 5,227
Total		120,095	46,094	(55,660)	7,058 117,587

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.25 Deposits and placements from banks and other financial institutions

	30 June 2025	31 December 2024
China mainland		
Banks	78,007	103,376
Other financial institutions	665,856	903,479
Overseas		
Banks	24,135	33,470
Other financial institutions	32,916	28,749
Subtotal	800,914	1,069,074
Interest accrued	3,140	4,632
Total	804,054	1,073,706

4.26 Financial liabilities at fair value through profit or loss

	30 June 2025	31 December 2024
Financial liabilities related to precious metals	36,979	9,564
Financial liabilities designated at fair value through profit or loss (1)	31,647	33,633
Others	18	31
Total	68,644	43,228

(1) For the six months ended 30 June 2025 and for 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 attributable to the changes in the Group's own credit risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.27 Borrowings from banks and other financial institutions

	30 June 2025	31 December 2024
Unsecured borrowings	84,679	88,472
Borrowings secured by – Tangible assets and monetary assets	23,217	22,594
Subtotal	107,896	111,066
Interest accrued	607	927
Total	108,503	111,993

As at 30 June 2025 and 31 December 2024, the secured borrowings were secured by property and equipment and finance lease receivables as collateral; the above collateral has been included in the disclosure of assets pledged (Note 6.3(1)).

4.28 Financial assets sold under repurchase agreements

Financial assets sold under repurchase agreements by underlying assets are shown as follows:

	30 June 2025	31 December 2024
Bonds	201,798	175,195
Bills	50,261	72,444
Subtotal	252,059	247,639
Interest accrued	393	485
Total	252,452	248,124

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.29 Deposits from customers

	30 June 2025	31 December 2024
Demand deposits		
– Corporate customers	1,066,816	1,051,320
– Personal customers	438,833	396,934
Time deposits (including call deposits)		
– Corporate customers	1,864,783	1,895,490
– Personal customers	938,759	901,419
Other deposits (a)	1,811	3,932
Subtotal	4,311,002	4,249,095
Interest accrued	71,085	83,586
Total	4,382,087	4,332,681

(a) Other deposits includes outward remittance and remittance payables.

The pledged deposits included in deposits from customers are analysed as follows:

	30 June 2025	31 December 2024
Pledged deposits for bank acceptances	280,310	280,633
Pledged deposits for letters of credit and guarantees	50,170	44,597
Other pledged deposits	26,349	28,185
Total	356,829	353,415

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.30 Provisions

	30 June 2025	31 December 2024
Credit loss of off-balance sheet credit commitments (1)	998	1,058
Litigation provision	446	522
Others	169	150
Total	1,613	1,730

(1) The movements of credit loss of off-balance sheet credit commitments are as follows

	Six months ended 30 June 2025			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2025	(1,008)	(49)	(1)	(1,058)
Transfer:				
to stage 1	(3)	3	–	–
to stage 2	3	(3)	–	–
to stage 3	–	1	(1)	–
Net reversal/(charge)	41	21	(2)	60
Balance as at 30 June 2025	(967)	(27)	(4)	(998)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.30 Provisions *(continued)*

(1) The movements of credit loss of off-balance sheet credit commitments are as follows *(continued)*

	Year ended 31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Balance as at 1 January 2024	(1,065)	(146)	(1)	(1,212)
Transfer:				
to stage 1	(13)	13	–	–
to stage 2	5	(5)	–	–
to stage 3	2	2	(4)	–
Net reversal	63	87	4	154
Balance as at 31 December 2024	(1,008)	(49)	(1)	(1,058)

4.31 Debt securities issued

	30 June 2025	31 December 2024
Certificates of interbank deposit	916,151	803,492
Financial bonds (1)	57,987	47,983
Tier-two capital bonds (2)	69,997	79,994
Medium-term and short-term notes (3)	5,141	7,143
Subtotal	1,049,276	938,612
Interest accrued	697	2,413
Total	1,049,973	941,025

For the six months ended 30 June 2025 and for the year ended 31 December 2024, there were no overdue principal and interest or other defaults with respect to these bonds. None of these bonds are secured.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)4.31 Debt securities issued (*continued*)

(1) Financial bonds

		30 June 2025	31 December 2024
2022-3-year fixed rate financial bonds	(a)	–	20,000
2023-3-year fixed rate financial bonds	(b)	1,599	1,598
2023-3-year fixed rate financial bonds	(c)	19,999	19,999
2023-3-year fixed rate financial bonds	(d)	1,598	1,597
2023-3-year fixed rate financial bonds	(e)	2,397	2,395
2024-3-year fixed rate financial bonds	(f)	2,395	2,394
2025-3-year fixed rate financial bonds	(g)	9,999	–
2025-3-year fixed rate financial bonds	(h)	20,000	–
Total		57,987	47,983

- (a) RMB20 billion worth of fixed-rate financial bonds were issued on 7 April 2022, with a term of 3 years, and a fixed coupon rate of 2.95% per annum. Fully redeemed on April 20, 2025 by the Bank.
- (b) RMB2 billion worth of fixed-rate financial bonds were issued on 20 March 2023, with a term of 3 years, and a fixed coupon rate of 3.40% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB400 million.
- (c) RMB20 billion worth of fixed-rate financial bonds were issued on 18 May 2023, with a term of 3 years, and a fixed coupon rate of 2.68% per annum.
- (d) RMB2 billion worth of fixed-rate financial bonds were issued on 25 May 2023, with a term of 3 years, and a fixed coupon rate of 3.27% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB400 million.
- (e) RMB3 billion worth of fixed-rate financial bonds were issued on 25 July 2023, with a term of 3 years, and a fixed coupon rate of 3.19% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB600 million.
- (f) RMB3 billion worth of fixed-rate financial bonds were issued on 28 May 2024, with a term of 3 years, and a fixed coupon rate of 2.49% per annum. This bond was issued by Minsheng Financial Leasing Co., Ltd. The Bank subscribed RMB600 million.
- (g) RMB10 billion worth of fixed-rate financial bonds were issued on 18 February 2025, with a term of 3 years, and a fixed coupon rate of 1.70% per annum.
- (h) RMB20 billion worth of fixed-rate financial bonds were issued on 20 February 2025, with a term of 3 years, and a fixed coupon rate of 1.85% per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.31 Debt securities issued *(continued)*

(2) Tier-two capital bonds

		30 June 2025	31 December 2024
2020 1st tranche-10-year fixed rate tier-two capital bonds	(a)	–	49,997
2024 1st tranche-10-year fixed rate tier-two capital bonds	(b)	29,998	29,997
2025 1st tranche-10-year fixed rate tier-two capital bonds	(c)	39,999	–
Total		69,997	79,994

- (a) Tier-two capital bonds with a nominal value of RMB50 billion, a term of 10 years, and a fixed coupon rate of 3.75% per annum, were issued on 24 June 2020. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date. As at 27 June 2025, the amount was fully redeemed by the Bank.
- (b) Tier-two capital bonds with a nominal value of RMB30 billion, a term of 10 years, and a fixed coupon rate of 2.50% per annum, were issued on 24 June 2024. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.
- (c) Tier-two capital bonds with a nominal value of RMB40 billion, a term of 10 years, and a fixed coupon rate of 2.35% per annum, were issued on 25 April 2025. The Bank has an option to redeem all or part of the bonds at par value during the period from the last day of the fifth year to the maturity date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.31 Debt securities issued (*continued*)

(3) Medium-term and short-term notes

		30 June 2025	31 December 2024
2023-2-year medium-term notes	(a)	–	1,999
2024-2-year medium-term notes	(b)	2,993	2,987
2024-3-year medium-term notes	(c)	2,148	2,157
Total		5,141	7,143

(a) Medium-term notes with a nominal value of RMB2 billion of medium-term notes were issued on 10 January 2023, with a term of 2 years. The coupon rate is 3.15%. As at 10 January 2025, the amount was fully redeemed by the Bank.

(b) Medium-term notes with a nominal value of RMB3 billion of medium-term notes were issued on 7 March 2024, with a term of 2 years. The coupon rate is 3.08%.

(c) Medium-term notes with a nominal value of USD0.3 billion of medium-term notes were issued on 13 September 2024, with a term of 3 years, floating interest rate.

4.32 Other liabilities

		30 June 2025	31 December 2024
Items in the process of clearance and settlement		66,845	60,697
Employee benefits payable	(1)	10,147	13,993
Lease payments received in advance		6,849	6,665
Other tax payable	(2)	3,466	3,633
Accrued expenses		3,270	3,353
Notes payable		3,144	2,274
Dividend payable		2,714	–
Output value added tax to be transferred		2,688	2,778
Continuously involved liabilities		999	999
Payable for long-term assets		603	507
Deferred fee and commission income		544	499
Intermediate collection and payment		259	371
Others		2,081	1,095
Total		103,609	96,864

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.32 Other liabilities (*continued*)

(1) Employee benefits payable

	1 January 2025	Increase	Decrease	30 June 2025
Short-term employee benefits				
– Salaries, bonuses and allowances	13,346	8,531	(12,411)	9,466
– Staff welfare fees	5	632	(636)	1
– Social insurance (a) and supplementary insurance	131	648	(642)	137
– Housing fund	127	984	(964)	147
– Labour union fee, staff and workers' education fee	34	243	(233)	44
Subtotal	13,643	11,038	(14,886)	9,795
Post-employment benefits				
– defined contribution plans				
– Basic pension insurance plans	172	1,168	(1,158)	182
– Unemployment insurance	22	40	(41)	21
– Annuity scheme (b)	156	355	(362)	149
Subtotal	350	1,563	(1,561)	352
Total	13,993	12,601	(16,447)	10,147

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.32 Other liabilities (*continued*)

(1) Employee benefits payable (*continued*)

	1 January 2024	Increase	Decrease	31 December 2024
Short-term employee benefits				
– Salaries, bonuses and allowances	13,794	22,689	(23,137)	13,346
– Staff welfare fees	–	1,582	(1,577)	5
– Social insurance (a) and supplementary insurance	133	1,799	(1,801)	131
– Housing fund	126	1,934	(1,933)	127
– Labour union fee, staff and workers' education fee	42	493	(501)	34
Subtotal	14,095	28,497	(28,949)	13,643
Post-employment benefits				
– defined contribution plans				
– Basic pension insurance plans	164	2,304	(2,296)	172
– Unemployment insurance	21	78	(77)	22
– Annuity scheme (b)	159	712	(715)	156
Subtotal	344	3,094	(3,088)	350
Total	14,439	31,591	(32,037)	13,993

(a) Social insurance includes medical insurance, maternity insurance and employment injury insurance.

(b) For the six months ended 30 June 2025, the contributions to the annuity schemes of the Bank and some subsidiaries were calculated at 3% of the employees' total annual salary (For the year ended 31 December 2024: 3%).

The Group has set up a defined contribution plan for its Hong Kong and London employees in accordance with the contribution rates prescribed by local regulations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.32 Other liabilities *(continued)*

(2) Other tax payable

	30 June 2025	31 December 2024
Value added tax	2,693	2,588
Others	773	1,045
Total	3,466	3,633

4.33 Share capital and capital reserve

	30 June 2025	31 December 2024
Ordinary shares listed in China mainland (A shares)	35,462	35,462
Ordinary shares listed in Hong Kong (H shares)	8,320	8,320
Total shares	43,782	43,782

All A shares and H shares are ordinary shares, have a par value of RMB1 per share and rank pari passu with the same rights and benefits.

The Group's capital reserve of RMB58,087 million as at 30 June 2025 (RMB58,087 million at 31 December 2024), mainly represents capital premium.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.34 Preference Shares

(1) Outstanding Preference Shares at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million shares)	Issue Amount In original currency	Issue Amount In RMB	Maturity	Conversion condition	Conversion
Domestic Preference Shares	15/10/2019	Equity	4.38%	RMB100/ Share	200	20,000	20,000	None	Mandatory	None

The dividend yield for the first five years after the issuance of preferred stock is 4.38%, and the dividend yield will be reset to 3.17% on 18 October 2024.

The issuance cost of preferred shares issued by the Bank was RMB25 million on 30 June 2025 (31 December 2024: RMB25 million).

(2) Domestic Preference Shares Main Clauses

(a) Dividend

The non-public offering domestic preference shares (the “Domestic Preference Shares”) adopts the dividend rate that can be adjusted in stages, with 5 years as a dividend rate adjustment period, and within a dividend rate adjustment period, dividends are paid at the same dividend rate as agreed. The dividend rate of the Domestic Preference Shares shall not be higher than the annual weighted average return on net assets of the Bank in the last two fiscal years. The nominal dividend rate includes two parts: the benchmark interest rate and the fixed premium. The fixed premium is the dividend rate determined at the time of issuance minus the benchmark interest rate at the time of issuance. Dividends are paid annually.

(b) 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. Preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends. The Issuer shall have the right to cancel, in whole or in part, distributions of dividends and any such cancellation shall not constitute an event of default. Any cancellation of any distribution, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.34 Preference Shares *(continued)*

(2) Domestic Preference Shares Main Clauses *(continued)*

(c) Dividend stopper

The Bank will not pay dividends to the ordinary shareholders unless the Bank resolves to pay a full dividend on the current preference shares.

(d) Order of distribution and liquidation method

The Domestic Preference Shareholders have priority over the ordinary shareholders in the distribution of the Bank's remaining property, but the order of repayment is ranked after the depositors, general creditors and subordinated debts (including but not limited to subordinated debts, mixed capital bonds and secondary capital instruments).

(e) Mandatory conversion trigger events

If the core tier one capital adequacy ratio of the Bank falls to 5.125% (or below), the Domestic Preference Shares will be converted into A-share common shares in full or in part, so as to restore the core tier one capital adequacy ratio to more than 5.125%. In the case of partial conversion, all the Domestic Preference Shares shall be converted to shares on the same conditions in proportion.

When the earlier of the following two situations occurs, the Domestic Preference Shares will be converted into A-share common shares in full: (1) the banking regulatory authority under the State Council determines that the Bank will not survive without the conversion; (2) the relevant departments determine that the Bank will not survive without the public sector's capital injection or the support of the same effect.

(f) Redemption

With the prior approval of the banking regulatory authority under the State Council, the Bank may exercise the right of redemption under the following circumstances: (1) use the same or higher quality capital instruments to replace the redeemed Domestic Preference Shares, and the Bank's income ability is sustainable; (2) or the capital level after the exercise of the right of redemption is still significantly higher than the regulatory capital requirements specified by the banking regulatory authority under the State Council. The redemption price is the sum of the nominal amount and the dividend that has been resolved to be paid but has not been paid in the current period.

The Bank has the right to redeem all or part of the domestic Preferred Shares on the preferred stock dividend date of each year, starting from the date of expiration of 5 years after the issue date (i.e., 15 October 2019), and the redemption period shall expire on the date of conversion or redemption in full. In the case of partial redemption, all domestic preferred shares issued will be redeemed on the same terms and in proportion.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (continued)

4.34 Preference Shares (continued)

(2) Domestic Preference Shares Main Clauses (continued)

(g) Dividend setting mechanism

Non-cumulative dividend is a dividend on preference shares, which does not cumulate upon omission of payment so as to require payment of a passed or omitted dividend of one year out of earnings of a following year. After receiving dividend at agreed dividend rate, preference shareholders of the Bank will not participate the distribution of residual profits with ordinary shareholders. The Domestic Preference Shares holders are prioritised on dividend distribution over ordinary shareholders.

The dividend of the Domestic Preference Shares shall be paid in cash once a year. The interest starting date is the payment deadline of preference stock investors (18 October 2019). The dividend payment day shall be the day of every full year since the deadline for payment of preference stock investors. In case of any legal holiday or rest day in China, it shall be postponed to the next trading day, and the dividend payable during the extended period shall not be charged with additional interest.

(3) Changes in preference shares outstanding

	1 January 2025		Movements		30 June 2025	
	Amount (million shares)	Issue Amount	Amount (million shares)	Issue Amount	Amount (million shares)	Issue Amount
Domestic Preference Shares	200	20,000	–	–	200	20,000

	1 January 2024		Movements		31 December 2024	
	Amount (million shares)	Book value	Amount (million shares)	Book value	Amount (million shares)	Book value
Domestic Preference Shares	200	20,000	–	–	200	20,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.35 Perpetual Bonds

(1) Outstanding Perpetual Bonds at year end

Financial Instrument outstanding	Issue date	Accounting classification	Dividend rate	Issue price	Amount (million pieces)	Issue Amount In original currency	Issue Amount In RMB	Maturity	Conversion condition	Conversion
2021 Undated Capital Bonds (Series 1)	19/04/2021	Equity	4.30%	100 RMB/ Note	300	30,000	30,000	None	None	None
2022 Undated Capital Bonds (Series 1)	14/06/2022	Equity	4.20%	100 RMB/ Note	50	5,000	5,000	None	None	None
2024 Undated Capital Bonds (Series 1)	15/08/2024	Equity	2.35%	100 RMB/ Note	300	30,000	30,000	None	None	None
2024 Undated Capital Bonds (Series 2)	30/10/2024	Equity	2.73%	100 RMB/ Note	100	10,000	10,000	None	None	None
2025 Undated Capital Bonds (Series 1)	19/06/2025	Equity	2.30%	100 RMB/ Note	300	30,000	30,000	None	None	None
Total							105,000			

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.35 Perpetual Bonds (*continued*)

(2) Main Clauses

(a) Principal Amount

2021 Undated Tier 1 Capital Bonds-Series 1 RMB30 billion.

2022 Undated Tier 1 Capital Bonds-Series 1 RMB5 billion.

2024 Undated Tier 1 Capital Bonds-Series 1 RMB30 billion.

2024 Undated Tier 1 Capital Bonds-Series 2 RMB10 billion.

2025 Undated Tier 1 Capital Bonds-Series 1 RMB30 billion.

(b) Maturity Date

The Bonds will continue to be outstanding so long as the Issuer's business continues to operate.

(c) Distribution Rate

The Distribution Rate of the Bonds will be adjusted at defined intervals, with a Distribution Rate Adjustment Period every 5 years since the Payment Settlement Date. In any Distribution Rate Adjusted Period, the Distribution Payments on the Bonds will be made at a prescribed fixed Distribution Rate. The Distribution Rate at the time of issuance will be determined by book running and centralised allocation.

The Distribution Rate is determined by a benchmark rate plus a fixed spread. The benchmark rate is the arithmetic average of the yields to maturity of 5 trading days prior to the Announcement Date of the Subscription Agreement, as indicated by the yield to maturity curve of applicable 5-year China Treasury Notes (rounded up to 0.01%) published on ChinaBond.com.cn or other websites approved by the China Central Depository & Clearing Co., Ltd. The fixed spread is the difference between the Distribution Rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined.

(d) Conditional Redemption Rights of the Issuer

The Bonds Issuance sets conditional Redemption Rights for the Issuer. From the fifth anniversary since the issuance of the Bonds, the Issuer may redeem the Bonds in whole or in part on each Distribution Payment Date (including the fifth Distribution Payment Date since the Issuance). If, after the Issuance, the 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 Issuer may redeem all but not part of the Bonds.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements *(continued)*

4.35 Perpetual Bonds *(continued)*

(2) Main Clauses *(continued)*

(e) Subordination

The claims in respect of the Bonds, in the event of a winding-up of the Issuer, will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that ranks senior to the Bonds; will rank in priority to all classes of shares held by the Issuer's shareholders and rank pari passu with the claims in respect of any other Tier 1 Capital instruments of the Issuer that rank pari passu with the Bonds. If subsequent amendments to the PRC Enterprise Bankruptcy Law or relevant regulations are applicable, such relevant laws and regulations shall prevail.

(f) Distribution Payment

The Issuer 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. When exercising such right, the Issuer will take into full consideration the interest of the Bondholders. The Issuer 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 Issuer, except in relation to dividend distributions to ordinary shares. Any cancellation of any distribution on the Bonds, no matter in whole or in part, will require the deliberation and approval of the general shareholders meeting. And the Issuer shall give notice to the investors on such cancellation in a timely manner.

The Bonds do not have any step-up mechanism or any other incentive to redeem.

(g) Put Option

Put Option of investors is not applicable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)4.35 Perpetual Bonds (*continued*)

(3) Changes in perpetual bonds outstanding

Perpetual Bonds	1 January 2025		Movements		30 June 2025	
	Amount (million pieces)	Issue Amount	Amount (million pieces)	Issue Amount/ (Redemption Amount)	Amount (million pieces)	Issue Amount
2021 Undated Capital Bonds	300	30,000	–	–	300	30,000
2022 Undated Capital Bonds (Series 1)	50	5,000	–	–	50	5,000
2024 Undated Capital Bonds (Series 1)	300	30,000	–	–	300	30,000
2024 Undated Capital Bonds (Series 2)	100	10,000	–	–	100	10,000
2025 Undated Capital Bonds (Series 1)	–	–	300	30,000	300	30,000
Total		75,000		30,000		105,000

Perpetual Bonds	1 January 2024		Movements		31 December 2024	
	Amount (million pieces)	Issue Amount	Amount (million pieces)	Issue Amount/ (Redemption Amount)	Amount (million pieces)	Issue Amount
2019 Undated Capital Bonds	400	40,000	(400)	(40,000)	–	–
2021 Undated Capital Bonds (Series 1)	300	30,000	–	–	300	30,000
2022 Undated Capital Bonds (Series 1)	50	5,000	–	–	50	5,000
2024 Undated Capital Bonds (Series 1)	–	–	300	30,000	300	30,000
2024 Undated Capital Bonds (Series 2)	–	–	100	10,000	100	10,000
Total		75,000		–		75,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.36 Related information attributable to the holders of equity instruments

Preference shares and perpetual bonds issued by the Bank are classified as equity instruments and are listed in the consolidated balance sheet under shareholders' equity. In accordance with the relevant regulations of the former CBIRC, the preferred shares and perpetual bonds issued by the Bank have met the criteria of qualifying other Tier 1 capital instruments.

Interests attributable to the holders of equity instruments

	30 June 2025	31 December 2024
Total equity attributable to equity holders of the Bank	688,544	642,859
Equity attributable to ordinary equity holders of the Bank	563,544	547,859
Equity attributable to other equity holders of the Bank	125,000	95,000
Total equity attributable to non-controlling interests	13,768	13,709
Equity attributable to non-controlling interests of ordinary shares	13,768	13,709

4.37 Surplus reserve, general reserve and retained earnings

(1) Surplus reserve

Under the PRC laws, Articles of the Bank and the resolution of the Board of Directors, the Bank is required to appropriate 10% of its net profit. Until the statutory surplus reserve reaches 50% of its registered capital, the Bank will still appropriate 10% of its net profit as statutory surplus reserve. Subject to the approval of the equity shareholders, the statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the share capital.

The Group did not appropriate statutory surplus reserve for the six months ended 30 June 2025 (for the year ended 31 December 2024: RMB3,083 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.37 Surplus reserve, general reserve and retained earnings (*continued*)

(2) General reserve

Pursuant to the Measures for Managing the Appropriation of Provisions of Financial Enterprises (Cai Jin [2012] No. 20) issued by the MOF, the Bank is required to provide for impairment losses of its assets and set aside a general reserve through the appropriation of net profits to cover potential losses against its assets. The general reserve is part of the equity shareholders' interests and should not be less than 1.5% of the year-end balance of risk-bearing assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations, which were included in the Group's general reserve.

The Group appropriated RMB149 million of profits to the general reserve for the six months ended 30 June 2025 (for the year ended 31 December 2024: RMB4,042 million).

(3) Retained earnings

As at 30 June 2025, the retained earnings included the statutory surplus reserve of RMB1,798 million contributed by the subsidiaries (31 December 2024: RMB1,790 million). The surplus reserve of the subsidiaries included in the retained earnings cannot be distributed.

4.38 Non-controlling interests

As at 30 June 2025, the non-controlling interests in the subsidiaries were RMB13,768 million (31 December 2024: RMB13,709 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.39 Dividends/Interests

(1) Dividends for Ordinary Shares

The board of directors approved the cash dividends distribution plan for 2025 interim at the Board Meeting on 29 August 2025. The profit distribution plan would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividends declared was RMB1.36 (tax inclusive) for every 10 shares. A total dividend of RMB5,954 million (tax inclusive) was based on total number of shares of 43,782 million as at 30 June 2025.

The shareholders approved the cash dividends distribution plan for 2024 at the Annual General Meeting on 26 June 2025. The profit distribution plan would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividends declared was RMB0.62 (tax inclusive) for every 10 shares. A total dividend of RMB2,714 million (tax inclusive) was based on total number of shares of 43,782 million as at 31 December 2024.

The shareholders approved the cash dividends distribution plan for 2024 interim at the Annual General Meeting on 25 October 2024. The cash dividends declared would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividend declared was RMB1.30 (including tax) for every 10 shares. A total dividend of RMB5,692 million (including tax) was based on the total number of shares of 43,782 million as on 30 June 2024.

The shareholders approved the cash dividends distribution plan for 2023 at the Annual General Meeting on 26 June 2024. The profit distribution plan would distribute cash dividends to registered A-share and H-share shareholders on the equity registration date. The cash dividends declared was RMB2.16 (tax inclusive) for every 10 shares. A total dividend of RMB9,457 million (tax inclusive) was based on the total number of shares of 43,782 million as on 31 December 2023.

(2) Dividends for Preference Shares

According to the resolution on the distribution of dividends for domestic preference shares passed at the Board of Directors' meeting held on 29 August 2024, dividend approved was amounted to RMB876 million (including tax), calculated at the coupon rate of 4.38% (including tax) before the first reset date pursuant to the terms and conditions of domestic preference shares. The dividend payment date was 18 October 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.39 Dividends/Interests (*continued*)

(3) Interests for Perpetual Bonds

On 16 June 2025, the Bank declared interest for 2022 undated capital bonds. Interest approved amounted to RMB210 million (including tax), calculated at the initial annual pay-out ratio of 4.20% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 21 April 2025, the Bank declared interest for 2021 undated capital bonds. Interest approved amounted to RMB1,290 million (including tax), calculated at the initial annual pay-out ratio of 4.30% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 3 June 2024, the Bank declared interest for 2022 undated capital bonds. Interest approved amounted to RMB210 million (including tax), calculated at the initial annual pay-out ratio of 4.20% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 6 May 2024, the Bank declared interest for 2019 undated capital bonds. Interest approved amounted to RMB1,940 million (including tax), calculated at the initial annual pay-out ratio of 4.85% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

On 10 April 2024, the Bank declared interest for 2021 undated capital bonds. Interest approved amounted to RMB1,290 million (including tax), calculated at the initial annual pay-out ratio of 4.30% (including tax) before the first reset date pursuant to the terms and conditions of perpetual bonds.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.40 Other reserves

	Six months ended 30 June	
	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Changes in fair value of equity instruments designated as measured at fair value through other comprehensive income	350	173
Items that may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
Changes in fair value	28	4,667
Allowance for impairment losses	186	30
Amount transferred to profit or loss from other comprehensive income (a)	(2,537)	(2,403)
Less: Tax effect	506	(479)
Subtotal	(1,467)	1,988
Effective hedging portion of gains or losses arising from cash flow hedging instruments	44	30
Less: Tax effect	(12)	(7)
Subtotal	32	23
Exchange difference on translating foreign operations	(61)	25
Total	(1,496)	2,036

(a) It refers to the amount transferred to profit or loss due to disposal.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.40 Other reserves (*continued*)

Investment revaluation reserve and cash flow hedging reserve attributable to equity holders of the Bank in the consolidated statement of financial position:

	Attributable to equity shareholders of the Bank			
	Investment revaluation reserve	Cash flow hedging reserve	Exchange reserve	Total
1 January 2025	6,602	(12)	602	7,192
Movement during the period	(1,456)	32	(63)	(1,487)
30 June 2025	5,146	20	539	5,705
1 January 2024	1,507	(17)	532	2,022
Movement during the year	5,095	5	70	5,170
31 December 2024	6,602	(12)	602	7,192

4.41 Notes to the condensed consolidated cash flow statement

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows consist of the following:

	30 June 2025	31 December 2024
Cash (Note 4.11)	4,979	5,260
Surplus deposit reserves with central bank (Note 4.11)	54,388	37,561
Balances with banks and other financial institutions – demand deposits	125,694	96,370
Original maturity within 3 months:		
– Balances with banks and other financial institutions	1,556	1,814
– Placements with banks and other financial institutions	12,149	43,985
Total	198,766	184,990

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 Notes to the condensed consolidated financial statements (*continued*)

4.42 Transferred financial assets

The Group enters into transactions in the normal course of business whereby it transfers recognised financial assets to third parties or to structured entities. In some cases these transfers may give rise to full or partial de-recognition of the financial assets concerned. In other cases where the transferred assets do not qualify for de-recognition as the Group retains substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

(1) Securitization transactions

The Group enters into securitization transactions by which it transfers loans to structured entities which issue asset-backed securities to investors. The Group assessed among other factors, whether or not to derecognise the transferred assets by evaluating the extent to which it retains the risks and rewards of the assets and whether it has relinquished control over these assets.

For the six months ended 30 June 2025, the Group transferred loans through securitisation transactions with gross balance of RMB5,548 million (For the six months ended 30 June 2024: RMB3,958 million). These transactions were all qualified for full de-recognition concluded by the Group.

(2) Transfer of non-performing financial assets

For the six months ended 30 June 2025, the Group transferred non-performing financial assets through disposal to third parties, with gross balance of RMB10,296 million (For the six months ended 30 June 2024: RMB1,965 million). The Group transferred substantially all the risks and rewards of these non-performing financial assets and therefore has derecognised them.

(3) Securities lending transactions

For debt securities lent to counterparties under securities lending agreements, the counterparties are allowed to sell or re-pledge these securities in the absence of default by the Group, but have 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 amount of debt securities lent to counterparties was RMB90,076 million (31 December 2024: RMB125,457 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information

The Group conducts business activities in key business lines and geographical regions.

Segment assets, liabilities, revenues, and expenditures are measured following the Group's accounting policies and internal management rules. The items of each segment include those which can be directly attributable to the segment or can be assigned to the segment based on reasonable criteria.

As a part of the management of assets and liabilities, the Group's capital resources are allocated to various business segments through the Treasury Department of the Head Office. The Group's internal transfer pricing mechanism uses market interest rates as the benchmark and determines transfer prices concerning the internal capital pool. The impact of internal trading has been offset when preparing the consolidated statements.

Capital expenditures of each segment refer to spending relating to purchasing fixed assets, intangible assets, and other long-term assets during the reporting period.

5.1 Business segments

- | | | |
|-----|-------------------|--|
| (a) | Corporate banking | Providing banking products and services for corporate customers, government agencies and financial institutions. These products and services include corporate deposits, corporate loans, investment business, interbank business, financial markets business and various corporate intermediary business. |
| (b) | Retail banking | Provide financial products and services to individual customers, mainly including personal deposit and loan services, credit card and debit card services, wealth management, private banking and various retail intermediary businesses. |
| (c) | Others | Group's bond investments and money markets transactions which conducted on-demand for liquidity management, and those other businesses which cannot form a single reportable segment and businesses of subsidiaries. |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information (continued)

5.1 Business segments (continued)

	Six months ended 30 June 2025			
	Corporate banking	Retail banking	Others	Total
Operating income	35,340	28,565	6,796	70,701
Net interest income	24,157	22,335	2,711	49,203
Include: Inter-segment net interest (expense)/income	(123)	(951)	1,074	–
Net fee and commission income	2,645	6,470	570	9,685
Net other income/(expense)	8,538	(240)	3,515	11,813
Operating expenses	(7,523)	(9,975)	(4,024)	(21,522)
Credit impairment losses	(13,253)	(12,105)	(681)	(26,039)
Other impairment losses	1	–	(347)	(346)
Profit before income tax	14,560	6,485	1,749	22,794
Depreciation and amortisation	1,696	1,366	1,099	4,161
Capital expenditure	1,123	904	7,309	9,336

	As at 30 June 2025			
	Corporate banking	Retail banking	Others	Total
Segment assets	5,090,354	1,784,720	835,697	7,710,771
Deferred income tax assets				58,150
Total assets				7,768,921
Segment liabilities	(4,741,948)	(1,397,376)	(927,046)	(7,066,370)
Deferred income tax liabilities				(239)
Total liabilities				(7,066,609)
Credit commitments	938,662	525,520	–	1,464,182

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.1 Business segments *(continued)*

	Six months ended 30 June 2024			
	Corporate banking	Retail banking	Others	Total
Operating income	34,526	27,280	3,783	65,589
Net interest income	25,096	21,221	2,265	48,582
Include: Inter-segment net interest income/(expense)	4,469	(5,528)	1,059	–
Net fee and commission income	2,877	6,051	717	9,645
Net other income	6,553	8	801	7,362
Operating expenses	(7,427)	(10,065)	(3,961)	(21,453)
Credit impairment losses	(8,882)	(10,534)	(1,135)	(20,551)
Other impairment losses	(194)	(3)	88	(109)
Profit before income tax	18,024	6,677	(1,225)	23,476
Depreciation and amortisation	1,724	1,358	1,313	4,395
Capital expenditure	1,507	1,187	7,686	10,380
As at 31 December 2024				
	Corporate banking	Retail banking	Others	Total
Segment assets	5,144,314	1,745,584	866,922	7,756,820
Include: Investments in associates				–
Deferred income tax assets				58,149
Total assets				7,814,969
Segment liabilities	(4,944,030)	(1,291,332)	(922,796)	(7,158,158)
Deferred income tax liabilities				(243)
Total liabilities				(7,158,401)
Credit commitments	851,564	519,340	–	1,370,904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.1 Business segments *(continued)*

Since the preparation of the financial statements for 2024, due to the change in management standards, the small business was subdivided into the small business of corporate customer group and the small business of individual customer group, the small business of corporate customer group was moved from the retail banking segment to the corporate banking segment, and the comparative figures was adjusted at the same time. The comparative figures as of 30 June 2024 presented in these interim financial statements have been adjusted accordingly.

5.2 Geographical segments

The Group mainly operates in China mainland, with branches distributing across different provinces, autonomous regions and municipalities directly under the Central Government of the country. The Group also has a number of subsidiaries in China mainland and has one branch and subsidiaries in Hong Kong.

Head Office	Including head office, credit card centre and institutions directly under the head office
Yangtze River Delta	Including branches in Shanghai, Zhejiang Province and Jiangsu Province
Pearl River Delta	Including branches in Guangdong Province and Fujian Province
Bohai Rim	Including branches in Beijing, Tianjin, Shandong Province and Hebei Province
Northeastern Region	Including branches in Liaoning Province, Jilin Province and Heilongjiang Province
Central Region	Including branches in Shanxi Province, Henan Province, Hunan Province, Hubei Province, Anhui Province, Jiangxi Province and Hainan Province
Western Region	Including branches in Chongqing, Sichuan Province, Yunnan Province, Shaanxi Province, Gansu Province, Guizhou Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Guangxi Zhuang Autonomous Region, Inner Mongolia Autonomous Region and Tibet Autonomous Region
Overseas and Subsidiaries	Including Hong Kong Branch, London Branch and subsidiaries

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

5 Segment information *(continued)*

5.2 Geographical segments *(continued)*

	Six months ended 30 June 2025		As at 30 June 2025
	Operating income	Profit before income tax	Segment assets (1)
Head Office	27,677	8,931	3,306,490
Yangtze River Delta	11,855	5,061	1,239,070
Pearl River Delta	7,555	3,079	758,174
Bohai Rim	6,562	(2,034)	1,383,899
Northeastern Region	1,231	1,411	135,374
Central Region	5,094	1,603	578,286
Western Region	5,816	2,374	694,823
Overseas and subsidiaries	4,911	2,369	454,986
Inter-segment elimination	–	–	(840,331)
Total	70,701	22,794	7,710,771

	Six months ended 30 June 2024		As at 31 December 2024
	Operating income	Profit before income tax	Segment assets (1)
Head Office	22,685	4,641	3,416,362
Yangtze River Delta	10,734	2,755	1,254,041
Pearl River Delta	7,438	3,970	819,463
Bohai Rim	8,009	4,123	1,420,814
North-Eastern Region	1,344	725	151,842
Central Region	5,618	2,887	573,712
Western Region	4,940	2,128	688,144
Overseas and subsidiaries	4,821	2,247	437,774
Inter-segment elimination	–	–	(1,005,332)
Total	65,589	23,476	7,756,820

(1) Segment assets do not include deferred tax assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

6 Contingent liabilities and commitments

6.1 Credit commitments

Credit commitments take the form of approved loans with signed contracts, credit card limits, financial guarantees and letters of credit. The Group regularly assesses the contingent losses of its credit commitments and makes allowances where necessary.

The contractual amounts of loans and credit card 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 fail to fully perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

As the credit facilities may expire without being drawn upon, the contract amounts set out in the following table do not represent expected future cash outflows.

	30 June 2025	31 December 2024
Bank acceptances	563,174	518,662
Guarantees	135,316	135,217
Letters of credit	177,443	141,076
Unused credit card commitments	525,419	519,213
Irrevocable credit commitments		
– Original maturity date within 1 year	46,064	40,454
– Original maturity date over 1 year	16,766	16,282
Total	1,464,182	1,370,904

6.2 Capital commitments

	30 June 2025	31 December 2024
Contracted but not paid for	14,895	14,852

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

6 Contingent liabilities and commitments *(continued)*

6.3 Collateral

(1) Assets pledged

The book value of assets used as collateral for business such as borrowings from banks and other financial institutions, selling for repurchase, borrowings from central bank, derivative transactions and precious metal transactions are as follows:

	30 June 2025	31 December 2024
Balances with banks and other financial institutions	10,988	11,072
Loans and advances to customers	131,503	130,692
Discounted bills	50,596	72,907
Financial investments	386,794	373,625
Long-term receivables	7,832	9,625
Property and equipment	13,666	12,720
Total	601,379	610,641

As at 30 June 2025, except for assets pledged mentioned above, the amount of RMB802 million of the Group's Balances with banks and other financial institutions was mainly used as special funds for a subsidiary's business (31 December 2024: RMB1,342 million).

(2) Collateral received

The Group received debt securities, bills and others as collateral in connection with the purchase of assets under resale agreements and securities lending transactions. As at 30 June 2025, the Group had no collateral that was sold or lent to counterparties, but obligated to return (31 December 2024: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

6 Contingent liabilities and commitments *(continued)*

6.4 Underwriting of securities

As at 30 June 2025, there was no unexpired underwriting commitment for the Group (31 December 2024: Nil).

6.5 Redemption commitments

As an underwriting agent of PRC government bonds, the Bank has the obligation to buy back those bonds sold should the holders decide to redeem the bonds early. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. The amount of redemption obligation, which represents the nominal value of government bonds underwritten and sold by the Bank, but not yet matured as at 30 June 2025 was RMB3,806 million (31 December 2024: RMB3,503 million). The original maturities of the bonds vary from one to five years.

6.6 Outstanding litigation

A number of outstanding litigation matters against the Group had arisen in the normal course of its business as at 30 June 2025 and 31 December 2024. The Group makes provisions for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels (Note 4.30).

7 Interests in structured entities

7.1 Consolidated structured entities

As at 30 June 2025, the consolidated structured entities amounted to RMB85,990 million (31 December 2024: RMB85,628 million).

7.2 Unconsolidated structured entities

(1) Invested structured entities in which the Group holds an interest

Unconsolidated invested structured entities include asset-backed securities, funds, trust and asset management plans and others. The Group holds interests in these structured entities and has no obligation or intention to provide financial support to these structured entities, and the Group records interest income, net trading gain and net gain from investment securities therefrom.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

7 Interests in structured entities (continued)

7.2 Unconsolidated structured entities (continued)

(1) Invested structured entities in which the Group holds an interest (continued)

The following tables set out an analysis of the line items in the consolidated statement of financial position in which assets are recognised relating to the Group's interests in invested structured entities:

	30 June 2025			Total
	Financial assets at fair value through profit and loss	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	
Asset-backed securities	1,480	88,414	40,165	130,059
Funds	150,081	–	–	150,081
Trust and asset management plans	20,842	24,709	–	45,551
Others	5,574	–	–	5,574
Total	177,977	113,123	40,165	331,265

	31 December 2024			Total
	Financial assets at fair value through profit and loss	Financial assets measured at amortised cost	Financial assets at fair value through other comprehensive income	
Asset-backed securities	1,713	104,169	20,523	126,405
Funds	159,584	–	–	159,584
Trust and asset management plans	18,254	27,173	–	45,427
Others	3,607	–	–	3,607
Total	183,158	131,342	20,523	335,023

The maximum exposures to loss in the above asset-backed securities, funds, trust and asset management plans and others are the amortised cost or fair value of the assets held by the Group at the reporting date in accordance with the line items of these assets recognised in the consolidated statement of financial positions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

7 Interests in structured entities *(continued)*

7.2 Unconsolidated structured entities *(continued)*

(2) Interests held in structured entities sponsored and managed but not consolidated by the Group

Structured entities sponsored and managed but not consolidated by the Group primarily include wealth management products, funds and asset management plans. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. Interests held by the Group are mainly fees charged by providing management services. The Group has no obligation or intention to provide financial support to these structured entities.

As at 30 June 2025, the balance of wealth management products sponsored and managed but not consolidated by the Group is RMB1,138,084 million (31 December 2024: RMB1,015,666 million), and the balance of funds and asset management plans sponsored and managed but not consolidated by the Group is RMB155,203 million (31 December 2024: RMB124,668 million).

For the six months ended 30 June 2025, the amount of fee and commission income received from the above-mentioned structured entities by the Group is RMB1,872 million (For the six months ended 30 June 2024: RMB1,730 million). As at 30 June 2025 and 31 December 2024, the carrying amounts of commission receivable being recognised are not material in the consolidated statement of financial positions.

8 Entrusted lending business

As at the end of the reporting period, the entrusted loans and entrusted funds were as follows:

	30 June 2025	31 December 2024
Entrusted loans	207,373	273,637
Entrusted funds	207,373	273,637

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties

9.1 Related parties

- (1) Related parties of the Group refer to entities controlled, or jointly controlled by or under significant influence of the Group; entities that control, jointly control or have significant influence over the Group; or entities with which the Group is under control, joint control or significant influence of another party. Related parties can be a natural person, corporate or unincorporated organisation.

Related parties of the Group mainly include corporates or unincorporated organisations that hold or control more than 5% of the Bank's equity interests, and corporates or unincorporated organisations that hold less than 5% of the Bank's equity interests but have significant influence on the Bank, and the controlling shareholders, actual controllers, persons acting in concert, and ultimate beneficiaries of these entities as well as corporates or unincorporated organisations under the control of these entities; the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers (hereinafter referred to as "insiders of the Bank"), their close family members, and the corporates or unincorporated organisations controlled by the aforementioned persons; the directors, supervisors and senior executives of the legal or unincorporated organisations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; corporates or unincorporated organisations under control or significant influence of the Bank; and natural persons, corporates or unincorporated organisations identified by the Bank as being related on a substance over form basis and/or see-through basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.1 Related parties (continued)

(2) The Bank's major shareholders

Company name	Registered location	30 June 2025		31 December 2024		Business (a)	Legal form	Legal representative
		No. of Shares of the Bank held by the Company (share)	Proportion of shares of the Bank held by the Company (%)	No. of Shares of the Bank held by the Company (share)	Proportion of shares of the Bank held by the Company (%)			
Dajia Life Insurance Inc.	Beijing	7,810,214,889	17.84	7,810,214,889	17.84	Insurance business	Joint stock limited company	He Xiaofeng
New Hope Liuhe Investment Co., Ltd.	Tibet	1,828,327,362	4.18	1,828,327,362	4.18	Commercial service	Limited company	Wang Pusong
Southern Hoper Industry Co., Ltd.	Tibet	405,177,327	0.93	405,177,327	0.93	Retailing	Limited company	Li Jianxiong
New Hope Chemical Investment Co., Ltd.	Sichuan	68,000,000	0.16	68,000,000	0.16	Research and Experimental Development	Limited company	Shao Jun
Shanghai Giant Lifetech Co., Ltd.	Shanghai	1,379,679,587	3.15	1,379,679,587	3.15	Retailing	Limited company	Wei Wei
Alpha Frontier Limited	Cayman Islands	713,501,653	1.63	713,501,653	1.63	Investment holding	Limited company	Zhang Iv
Liberal Rise Limited	British Virgin Islands	84,522,480	0.19	84,522,480	0.19	Investment holding	Limited company	Shi Yuzhu
Tongfang Guoxin Investment Co., Ltd.	Chongqing	1,573,675,801	3.59	1,888,530,701	4.31	Commercial service	Limited company	Liu Qinqin
China Shipowners Mutual Assurance Association	Shanghai	1,324,284,453	3.02	1,324,284,453	3.02	Marine mutual insurance and services	National social group	Song Chunfeng
Good First Group Co., Ltd.	Xiamen	133,200,000	0.30	133,200,000	0.30	Wholesaling	Limited company	Wu Di
Tibet Hengxun Corporate Management Co., Ltd.	Tibet	80,500,000	0.18	80,500,000	0.18	Commercial service	Limited company	Chen Jianjun
Tibet Fujie Enterprise Management Co., Ltd.	Tibet	52,700,000	0.12	52,900,000	0.12	Commercial service	Limited company	Chen Jianjun

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(2) The Bank's major shareholders (*continued*)

(a) Particulars of principal operations

Dajia Life Insurance Inc.: life insurance, health insurance, accident insurance and other types of life insurance business; reinsurance for the aforementioned business operations; business operations involving the use of insurance funds as permitted by relevant laws and regulations of the state; other business activities as approved by the former CBIRC.

New Hope Liuhe Investment Co., Ltd.: venture capital (with no engagement in guarantee and real estate business; with no participation in the initiation or management of public or private securities investment funds, or investment in financial derivatives); investment management (excluding financial and brokerage business. Private products or the right to proceeds from private products shall not be raised from, sold, or transferred to non-qualified investors). (Entities that operate the above businesses shall not raise funds, take public deposits, or issue loans in a public manner; shall not publicly traded securities investment products or financial derivatives; and shall not operate financial products, wealth management products and related derivative business); financial advisory (excluding businesses of finance companies); wealth management consultancy, and corporate reorganisation consultancy; market research (excluding state secrets and personal privacy); credit investigation, technology development and transfer, and technology consultancy services. (businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities.)

Southern Hoper Industry Co., Ltd.: feed research and development; wholesale and retail: electronic products, hardware fittings and parts and electrical wares and products, household commodities, knitwear and textiles, stationery and office supplies (excluding color photocopiers), building materials (excluding hazardous chemicals and wood), agricultural product, by products and distinctive local goods and produce (excluding those specified by the state), chemical products (excluding hazardous chemicals), and machinery and equipment; investment and consulting services (excluding intermediary services).

New Hope Chemical Investment Co., Ltd.: research, development, and sales of chemical products (excluding hazardous substances); project investment with provision of technical consulting and after-sales services (excluding financial, securities, and futures related activities) (prohibited from engaging in illegal fundraising or absorbing public funds); distribution of PVC, fertilizers, packaging materials, agricultural by-products, mineral products, chemical raw materials (non-hazardous), feed-grade calcium hydrogen phosphate, mechanical equipment, steel products, construction materials, metal materials (excluding precious and rare metals), environmental protection materials and equipment, rubber products, plastic products, mechanical & electrical products, auxiliary construction materials (excluding paints), hardware and electrical appliances, light textiles, textile raw materials, household appliances, paper and paper products, prepackaged food; import and export of goods; technology import and export operations. (businesses subject to approvals according to laws shall be carried out upon approvals of relevant authorities.)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(2) The Bank's major shareholders (*continued*)

(a) Particulars of principal operations (*continued*)

Shanghai Giant Lifetech Co., Ltd.: food production and sales (through branch networks); sales of cosmetics, cleaning supplies, health care equipment, kitchenware; R&D, technological consultation, technological services and technology transfer in relation to health care food; wholesale non-physical means of pre-packaged food (excluding pre-cooked food and sauced food, frozen and refrigerated food); investment management; asset management; investment consulting; business information consulting; and business management consulting.

Alpha Frontier Limited: investment holdings.

Liberal Rise Limited: investment holdings.

Tongfang Guoxin Investment Co., Ltd.: engage in investment activities with its own funds (forbidden financial operations include: absorption of public deposits or disguised absorption of public deposits, loans and securities offering, and futures, etc.); investment-related advisory services in relation to market information and investment policies to its affiliates; transportation facilities maintenance; engineering management services; standardised services; planning and design management; corporate headquarters management; business management; commercial complex management services; external contracting projects; real estate property management.

China Shipowners Mutual Assurance Association: marine mutual insurance; business training; maritime exchanges; international cooperation; and consulting services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(2) The Bank's major shareholders (*continued*)

(a) Particulars of principal operations (*continued*)

Good First Group Co., Ltd.: investment activities with self-owned funds; engineering and technology research and experimental development; technology promotion and application services; technology promotion services; sales of construction materials; sales of chemical products (excluding chemical products subject to licensing); sales of knitwears and textiles; sales of knitwears and textiles and raw materials; wholesale and retail of hardware products; retail of metal materials; domestic trade agency; supply chain management services; sales of nonmetallic minerals and products; manufacturing of communication devices; manufacturing of electronic components; manufacturing of other electronic devices; manufacturing of special electronic materials; manufacturing of special electronic equipment; wholesale and retail of sporting goods and equipment; sales of digital cultural and creative technology equipment; sales of building decoration materials; sales of mechanical equipment; sales of electronic products; trade brokerage and agency (excluding auctions); trade brokerage; sales of software; information technology consulting services; manufacturing of general parts; manufacturing of other general instruments; manufacturing of electrical equipment; manufacturing of special equipment for electrical machinery; manufacturing of electrical instruments and meters. (Except for businesses subject to approval according to the law, it shall independently carry out business activities according to the business license in compliance with laws.)

Tibet Hengxun Corporate Management Co., Ltd.: corporate image, promoting and branding services; exhibition and demonstration services; market survey (excluding those involving national secrets and personal privacy); retail of building materials and auxiliary building materials; sales of feed and raw materials, fertilisers, rubber products, raw chemical materials (excluding hazardous chemicals and chemicals that can be easily used to produce addictive drugs), and metal materials.

Tibet Fuju Enterprise Management Co., Ltd.: management; business management consulting; corporate image planning; marketing planning; conference and exhibition services; Market research (excluding foreign-related research).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(2) The Bank's major shareholders (*continued*)

(a) Particulars of principal operations (*continued*)

The information of registered capital of the related parties as at the end of the reporting period is as below:

Company name	30 June 2025	31 December 2024
Dajia Life Insurance Inc.	RMB30,790 million	RMB30,790 million
New Hope Liuhe Investment Co., Ltd.	RMB577 million	RMB577 million
Southern Hoper Industry Co., Ltd.	RMB1,034 million	RMB1,034 million
New Hope Chemical Investment Co., Ltd.	RMB2,718 million	RMB2,718 million
Shanghai Giant Lifetech Co., Ltd.	RMB245 million	RMB245 million
Alpha Frontier Limited	USD17.5 thousand	USD17.5 thousand
Liberal Rise Limited	USD0.05 million	USD0.05 million
Tongfang Guoxin Investment Co., Ltd.	RMB2,574 million	RMB2,574 million
China Shipowners Mutual Assurance Association	RMB0.10 million	RMB0.10 million
Good First Group Co., Ltd.	RMB133 million	RMB133 million
Tibet Hengxun Corporate Management Co., Ltd.	RMB10 million	RMB10 million
Tibet Fuju Enterprise Management Co., Ltd.	RMB300 million	RMB300 million

(3) The detailed information of the Bank's subsidiaries is set out in Note 4.22.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.1 Related parties (continued)

(4) Relationship with related parties

Company name	Relationship with the Bank
Dajia Life Insurance Inc.	Related party of Dajia Life Insurance Co., Ltd.
Shanghai Giant Investment Management Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Orient Group Incorporation	Related party of Orient Group Incorporation
Guizhou Guoyuan Mining Development Co., Ltd.	Related party of the Bank holding equity interests arising from the bankruptcy reorganization of the borrower
Shanghai Cibi Business Information Consulting Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Shanghai Jukun Network Technology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Oriental Group Co., Ltd.	Related party of Orient Group Incorporation
Beijing Dacheng Hotel Co., Ltd.	Related party of Orient Group Incorporation
Chongqing Yufu Expressway Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Tongfang Guoxin Investment Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.
Tianjin Haihui Real Estate Development Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
Xiamen Rongyin Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Related party of Dajia Life Insurance Co., Ltd.
Sichuan Dazhou Steel Group Co., Ltd.	Related party of the Bank holding equity interests arising from the bankruptcy reorganization of the borrower
Shanghai Yuye Industrial Development Co., Ltd.	Related party of Tongfang Guoxin Investment Co., Ltd.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(4) Relationship with related parties (*continued*)

Company name	Relationship with the Bank
Kunming Dashanghui Industrial Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Guangxi Xindi Investment Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
Chongqing Gengyu Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
New Hope Investment Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Xiamen Hongfu Co., Ltd.	Related party of Goodfirst Group Co., Ltd.
New Hope Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Tianjin Yuanchuan Investment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Tianjin Boda Warehousing Service Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Grass Green Group Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Kunming Huguang Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Chongqing Yujinyue Real Estate Development Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Dalian Jianhua Sludge Treatment Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Chengdu Pajji Pet Products Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Shanghai Xunjiu Technology Co., Ltd.	Related party of the Bank's insiders
Sichuan Petzmall Internet Technology Co., Ltd.	Related party of New Hope Liuhe Investment Co., Ltd.
Beijing ENRELY Technology Co., Ltd.	Related party of the Bank's insiders
Quanzhou Fengze District best art auto parts shop	Related party of the Bank's insiders
Hope Deepblue Air Conditioning Manufacture Corp., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(4) Relationship with related parties (*continued*)

Company name	Relationship with the Bank
Shanghai Zhunji Business Consulting Partnership (LP)	Related party of Shanghai Giant Lifetech Co., Ltd.
Shanghai Gold Partner Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Sichuan Hope Shenlan Energy Chemical Co., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Tianjin Yuanxi Real Estate Development Co., Ltd.	Related party of SINO-OCEAN GROUP HOLDING LIMITED
Shanghai Jianjiu Biotechnology Co., Ltd.	Related party of Shanghai Giant Lifetech Co., Ltd.
Hope Senlan Science and Technology Holding Corp., Ltd.	Related party of CONTINENTAL HOPE GROUP CORP., LTD.
Sanya Minsheng Tourism Co., Ltd.	Related party of Minsheng E-commerce Holdings (Shenzhen) Co., Ltd.
Minsheng Real Estate Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.
Minsheng E-commerce Holdings (Shenzhen) Co., Ltd.	A company with joint capital contribution of the substantial shareholders of the Bank and the asset management plan of a second-tier subsidiary of the Bank
Minsheng Technology Co., Ltd.	Related party of Minsheng Real Estate Co., Ltd.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.1 Related parties (*continued*)

(5) Related natural persons

The related natural persons of the Group include: the directors and supervisors of the Bank, senior executives of the head office and key branches of the Bank, personnel with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members; the directors, supervisors and senior executives of the legal or unincorporated organisations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries; and natural persons identified by the Bank as being related on a substance over form basis and/or look-through basis. As at 30 June 2025, the Bank has 11,983 related natural persons, including 173 who were directors of the Bank and their close family members, 43 who were supervisors of the Bank and their close family members, 131 who were senior executives of the head office and their close family members, 11,482 who were senior executives of key branches of the Bank or people with the power to approve or make decisions in connection with core businesses, such as large credit limits and asset transfers, and their close family members, 129 who were directors, supervisors and senior executives of the legal or unincorporated organisations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries, and 100 other natural persons.

Note: Among the Bank's directors and their close family members, 66 were also senior executives of the head office or close family members. Among the Bank's directors, supervisors and their close family members, 9 were also directors, supervisors and senior executives of the legal or unincorporated organisations holding or controlling more than 5% of the Bank's equity interests, as well as those holding less than 5% of the Bank's equity interests but having significant influence on the Bank, and also their controlling shareholders, actual controllers, persons acting in concert and ultimate beneficiaries.

9.2 Related party transactions

(1) Material related party transactions

Material related party transactions refer to transactions where an individual transaction between the Group and a single related party amounts to more than 1% of the Group's net capital at the end of the previous quarter, or where the cumulative total of transactions between the Group and a single related party amounts to more than 5% of the Group's net capital at the end of the previous quarter.

For the year ended 31 December 2025, the Bank granted to Dajia Life Insurance Inc. a maximum credit limit of RMB26 billion with a term of 2 years. As at 30 June 2025, the loan balance was RMB4.63 billion (31 December 2024: RMB18.20 billion).

(2) Pricing policy

Transactions between the Group and its related parties are mainly conducted in the normal course of its business and on normal commercial terms, following the pricing policies that are consistent with those applicable to similar transactions with independent non-related parties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties

Balances outstanding as at the end of the reporting period

	Types of collateral	30 June 2025	31 December 2024
Dajia Life Insurance Inc.	Pledged/Collateralised	4,625	18,201
Shanghai Giant Investment Management Co., Ltd.	Pledged/Collateralised/ Guaranteed	3,749	–
Orient Group Incorporation	Pledged/Collateralised/ Guaranteed	3,407	3,467
Guizhou Guoyuan Mining Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	3,335	3,335
Shanghai Cibi Business Information Consulting Co., Ltd.	Pledged/Guaranteed	3,307	3,308
Shanghai Jukun Network Technology Co., Ltd.	Pledged/Guaranteed	3,010	3,040
Oriental Group Co., Ltd.	Pledged/Guaranteed	2,542	2,542
Beijing Dacheng Hotel Co., Ltd.	Pledged/Collateralised/ Guaranteed	1,685	1,685
Chongqing Yufu Expressway Co., Ltd.	Pledged/Guaranteed	1,649	1,762
Tongfang Guoxin Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	1,272	1,260
Tianjin Haihui Real Estate Development Co., Ltd.	Pledged/Collateralised/ Guaranteed	978	978
Xiamen Rongyin Co., Ltd.	Pledged/Collateralised/ Guaranteed	889	890
Beijing Xingtai Tonggang Real Estate Co., Ltd.	Collateralised	834	778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

Balances outstanding as at the end of the reporting period (continued)

	Types of collateral	30 June 2025	31 December 2024
Shanghai Songjiang Wanda Plaza Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	775	807
Sichuan Dazhou Steel Group Co., Ltd.	Pledged/Collateralised/ Guaranteed	725	725
Shanghai Yuye Industrial Development Co., Ltd.	Pledged/Guaranteed	665	850
Kunming Dashanghui Industrial Co., Ltd.	Pledged/Collateralised/ Guaranteed	615	689
Guangxi Xindi Investment Co., Ltd.	Pledged/Collateralised/ Guaranteed	537	549
Chongqing Gengyu Real Estate Development Co., Ltd.	Collateralised/Guaranteed	473	803
New Hope Investment Group Co., Ltd.	Pledged/Guaranteed	441	450
Xiamen Hongfu Co., Ltd.	Pledged/Guaranteed	390	390
New Hope Group Co., Ltd.	Guaranteed	340	240
Tianjin Yuanchuan Investment Co., Ltd.	Pledged/ Collateralised/ Guaranteed	313	314
Tianjin Boda Warehousing Service Co., Ltd.	Pledged/ Collateralised/ Guaranteed	273	275
Grass Green Group Co., Ltd.	Pledged/ Guaranteed	109	124
Kunming Huguang Real Estate Development Co., Ltd.	Pledged/ Collateralised/ Guaranteed	74	–
Chongqing Yujinyue Real Estate Development Co., Ltd.	Pledged/ Collateralised/ Guaranteed	70	70
Dalian Jianhua Sludge Treatment Co., Ltd.	Collateralised	64	67

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.2 Related party transactions (continued)

(3) Loans to related parties (continued)

Balances outstanding as at the end of the reporting period (continued)

	Types of collateral	30 June 2025	31 December 2024
Hangzhou Xingyuan Environmental Protection Equipment Co., Ltd.	Guaranteed	30	30
Chengdu Paiji Pet Products Co., Ltd. (a)	Collateralised	6	–
Shanghai Xunjiu Technology Co., Ltd.	Collateralised	5	5
Sichuan Petzmall Internet Technology Co., Ltd. (a)	Unsecured	3	–
Beijing ENRELY Technology Co., Ltd.	Guaranteed	3	3
Quanzhou Fengze District best art auto parts shop	Collateralised	1	1
Hope Deepblue Air Conditioning Manufacture Corp., Ltd. (b)	Pledged/Guaranteed	0	31
Oceanwide Holding Co., Ltd. (c)	Pledged/Collateralised/ Guaranteed	N/A	6,800
China Oceanwide Holdings Group Co., Ltd.(c)	Pledged/Guaranteed	N/A	4,666
Wuhan Centre Building Development Investment Co., Ltd. (c)	Pledged/Collateralised/ Guaranteed	N/A	3,972
Shanghai Zhunji Business Consulting Partnership (LP)	Pledged/ Collateralised/ Guaranteed	–	3,757
Wuhan CBD Co., Ltd. (c)	Collateralised/Guaranteed	N/A	3,046
Tianjin Shengshi Xinhe Real Estate Co., Ltd. (c)	Pledged/Collateralised	N/A	900
Yunnan Textile Corporation (c)	Pledged/Collateralised/ Guaranteed	N/A	603
Shanghai Gold Partner Biotechnology Co., Ltd.	Guaranteed	–	145
Sichuan Hope Huaxi Construction Engineering General Contracting Co., Ltd.	Guaranteed	–	80
Sichuan Hope Shenlan Energy Chemical Co., Ltd.	Guaranteed	–	60
Tianjin Yuanxi Real Estate Development Co., Ltd.	Pledged/Collateralised	–	52
Shanghai Jianjiu Biotechnology Co., Ltd.	Guaranteed	–	40

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.2 Related party transactions (*continued*)

(3) Loans to related parties (*continued*)

Balances outstanding as at the end of the reporting period (*continued*)

	Types of collateral	30 June 2025	31 December 2024
Hope Senlan Science and Technology Holding Corp., Ltd.	Guaranteed	–	30
Shenzhen Sanjiang Intelligent Control Technology Co., Ltd. (c)	Collateralised	N/A	15
Wuxi Yuanmai Information Technology Co., Ltd. (c)	Pledged	N/A	3
Jiangsu Zhijun Power Equipment Co., Ltd. (c)	Collateralised	N/A	2
Individuals	Pledged/ Collateralised/ Guaranteed	1,100	1,216
Total		38,294	73,056
Ratio to similar transactions (%)		0.87	1.66
Interest rate ranges of corporate related parties		1.38%-6.30%	2.30% – 8.95%

(a) Since 2025, these companies have become related parties of the Group.

(b) The balance is rounded to less than RMB1 million.

(c) As at 30 June 2025, these companies were no longer related parties of the Group.

Amount of transactions

	Six months ended 30 June	
	2025	2024
Interest income from loans	1,327	1,887
Ratio to similar transactions (%)	1.70	2.11

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties

Balances as at the end of the reporting period

	30 June 2025		31 December 2024	
	Balance	Ratio to similar transactions (%)	Balance	Ratio to similar transactions (%)
Financial investments				
– Financial assets measured at amortised cost	3,445	0.25	3,541	0.24
– Financial assets at fair value through profit or loss	644	0.17	923	0.24
– Financial assets at fair value through other comprehensive income	457	0.08	303	0.06
Long-term receivables	–	–	37	0.03
Intangible assets	39	0.49	36	0.45
Other assets (a)	635	1.36	696	1.51
Deposits and placements from banks and other financial institutions	3,499	0.48	605	0.06
Deposits from customers	14,757	0.34	27,954	0.65
Other liabilities	–	–	22	0.03

- (a) Sanya Minsheng Tourism Co., Ltd. provides project management and business promotion assistant services for Minsheng Financial Leasing regarding its retail vehicle financial leasing business. Other assets mainly include the prepayment from Minsheng Financial Leasing to Sanya Minsheng Tourism Co., Ltd. for the above mentioned service fees to be amortised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.2 Related party transactions (*continued*)

(4) Other transactions with related parties (*continued*)

Interest rate ranges for transaction balances as at the end of reporting period

	30 June 2025	31 December 2024
Financial investments		
– Financial assets measured at amortised cost	4.90% – 5.50%	4.90% – 5.50%
– Financial assets at fair value through other comprehensive income	4.00% – 5.32%	2.70% – 5.50%
Long-term receivables	N/A	8.90%
Deposits and placements from banks and other financial institutions	0.05% – 2.08%	0.10% – 2.78%
Deposits from customers	0.00% – 5.13%	0.00% – 5.31%

Amount of transactions

	Six months ended 30 June			
	2025		2024	
	Balance	Ratio to similar transactions (%)	Balance	Ratio to similar transactions (%)
Interest income	58	0.05	195	0.15
Fee and commission income (a)	94	0.84	115	1.00
Interest expense	348	0.54	250	0.31
Operating expenses (b)	509	2.37	847	3.95
Net other operating income (c)	235	32.32	250	16.59

In addition to the above transactions, for the six months ended 30 June 2025, the Bank entrusted related parties to develop software and systems, and paid a total of RMB307 million (For the six months ended 30 June 2024: RMB393 million). The main service provider was Minsheng Fintech Co., Ltd.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (continued)

9.2 Related party transactions (continued)

(4) Other transactions with related parties (continued)

Amount of transactions (continued)

- (a) For the six months ended 30 June 2025 and for the six months ended 30 June 2024, it mainly represents the Group's income from agency sales of insurance products for Dajia Life Insurance Inc.
- (b) Operating expenses of the Group were mainly for property management service, assets recovery service and business process outsourcing service provided by Minsheng Real Estate Co., Ltd. and its related parties, financial business outsourcing service, travel and publicity campaigns provided by Minsheng E-Commerce Holdings (Shenzhen) Co., Ltd. and its related parties.
- (c) For the six months ended 30 June 2025, Minsheng Financial Leasing recognised RMB229 million fees for ancillary service in asset management provided by Sanya Minsheng Tourism Co. Ltd. (For the six months ended 30 June 2024: RMB209 million).

Balance of off-balance sheet items

	30 June 2025		31 December 2024	
	Balance	Ratio to similar transactions (%)	Balance	Ratio to similar transactions (%)
Guarantees (a)	—	—	0	0.00
Unused credit card commitments	505	0.10	540	0.10

- (a) As at 31 December 2024, the balance of guarantees is rounded to less than RMB1 million.

Balances of loans guaranteed by related parties

	30 June 2025	31 December 2024
Loans guaranteed by related parties	26,392	34,727
Ratio to similar transactions (%)	0.60	0.79

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.2 Related party transactions (*continued*)

(5) Transactions with the annuity scheme

Apart from the obligation for defined contributions to the annuity scheme and normal banking transactions, no other significant transactions were conducted between the Group and the annuity scheme for the six months ended 30 June 2025 and for the six months ended 30 June 2024.

(6) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the Bank's activities, directly or indirectly, including directors, supervisors and senior management.

The Bank enters into transactions with key management personnel under normal commercial terms. These include loans and deposits, which are carried out at rates similar to those offered to third parties. Outstanding loans to the key management personnel amounted to RMB0.32 million as at 30 June 2025 (31 December 2024: RMB0.76 million), which have been included in the above loans granted to related parties.

For the six months ended 30 June 2025, the pre-tax compensation (including wages and short-term benefits) of key management personnel totalled RMB19 million (for the six months ended 30 June 2024: RMB25 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.2 Related party transactions (*continued*)

(7) Transactions between the Bank and its subsidiaries

Balances as at the end of the reporting period

	30 June 2025	31 December 2024
Placements with banks and other financial institutions	21,941	25,622
Loans and advances to customers	1,663	2,080
Financial investment	2,026	2,037
Other assets	67	76
Deposits and placements from banks and other financial institutions	12,966	11,081
Deposits from customers	636	406
Other liabilities	52	–

Amount of transactions for the reporting period

	Six months ended 30 June	
	2025	2024
Interest income	487	667
Interest expense	76	134
Fee and commission income	206	302
Fee and commission expense	–	2
Net other operating income	–	1

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

9 Related parties (*continued*)

9.2 Related party transactions (*continued*)

(8) Material transactions between the Bank and its subsidiaries

For the year ended 31 December 2025, the Bank granted CMBC Wealth Management Co., Ltd. a maximum credit limit of RMB68 billion with a term of 2 years. As at 30 June 2025, the credit line remained unused.

(9) Transactions between subsidiaries

For the six months ended 30 June 2025, the transactions between the subsidiaries of the Group are mainly inter-bank deposits or lending. As at 30 June 2025, the above transaction had no balance (31 December 2024: RMB65 million).

The balances and transaction amount with the subsidiaries and between the subsidiaries have been offset in these consolidated financial statements.

10 Financial risk management

10.1 Financial risk management overview

The financial risks the Group is exposed to mainly include credit risk, market risk, liquidity risk and operational risk etc. Risk management includes identification, measurement, assessment, monitoring, reporting, control and mitigation of risks. The core characteristic of the financial business is taking risks; risks are inevitable in business. The Group's aim is to achieve an appropriate balance between risk and return and to minimise potential adverse effects from risks borne by the Group on its financial performance.

In response to new regulatory requirements and market changes as well as in light of the actual needs and current position, the Group sets its risk preferences, risk management strategies and risk policies, and takes a host of measures to ensure the risk preferences and policies are concretely implemented and complied with and strengthen the role of risk management in support of strategic decision-making, including improving its risk quantification tools and information systems, adopting and continuously improving its end-to-end risk control mechanisms and based on oversight and reviews of actual implementations, re-examining and optimising the risk preference funneling mechanisms, credit policies, limit management, and relevant systems and tools.

The Bank's Risk Management Committee, which operates under the Board of Directors, assists the Board in setting the Bank's risk preferences and risk management strategies, monitoring the Bank's risk management policies and their implementation, and assessing their effectiveness. In accordance with the risk preferences and management strategies, the Bank's senior management develops corresponding risk management policies and procedures and drives their implementation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk

The Group is exposed to credit risk, which is the risk that a borrower or counterparty defaults as it fails to fully repay debts in a timely manner due to various reasons. Credit risk is the most important risk for the Group's operating activities; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from lending, trade finance, credit debt securities and leasing activities. There is also credit risk in off-balance sheet financial instruments, such as credit commitments and derivatives.

The Group's credit risk management covers the whole process of credit, investment, leasing and other businesses, including risk appetite and policy formulation, credit acceptance approval, post-loan (investment) management, credit risk monitoring report and other key activities. The Group's business lines bear the direct responsibility for credit risk management, the risk management line bears the responsibilities for formulating policies and processes, monitoring and managing risks, and the internal audit department bears the audit responsibility for performance of duties by business departments and the risk management department:

- The Group's business lines and departments including the Corporate Business Department/ Sci-Tech Finance Department, the Strategic Clients Department, the Inclusive Finance SBU/ Small Business Finance SBU, the Retail Business Quality Control Department, the Financial Institutions Department, the Financial Markets Department are directly responsible for credit risk and serve as the first line of defence in risk internal control management. They formulated the requirements and process according to the Group's risk management system, organised operating agencies to carry out relevant business.
- The functional departments that engage in credit risk management mainly include departments such as the Credit Management Department, the Risk Management Department, the Credit Approval Department and the Assets Management Department, and they serve as the second line of defence in credit risk management. Among them, the Credit Management Department is the department in charge of credit risk management. The Risk Management Department is responsible for assigning ratings, credit risk measurement and other activities. The Credit Approval Department is responsible for tasks such as comprehensive credit granting and credit approval of various credit businesses. The Assets Management Department is responsible for tasks such as operation and management of non-performing and potential risk assets.
- The Group's audit department serves as the third line of defence in risk management and is responsible for supervision and evaluation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

The credit risk management of the Group includes processes and activities of pre-loan (investment) investigation, inspection and review for lending (investment) and post-loan (investment) management of credit business. Pre-loan (investment) investigation represents assigning credit risk ratings and conducting risk assessment of customers; for the inspection and review for lending (investment), all businesses must be approved by authorised approvers; During the post-loan (investment) management, the Group continuously monitors businesses and strengthens risk monitoring on key industries, regions, products and customers, timely reports the matters and emergencies in the borrower that endanger the safety of credit assets and may cause significant credit risk, and takes timely measures to effectively prevent, control and mitigate risks. The Group has continuously improved its internal control mechanism, strengthened the entire process management of credit business, assigns the responsibilities of each activity in credit business management to all relevant departments and posts according to the principle of effective checks and balances, and established an appraisal and accountability mechanism.

The Group measures and manages the quality of its on-balance sheet and off-balance sheet financial assets exposed to credit risk in accordance with the Measures for the Risk-based Classification of Financial Assets by Commercial Banks (Decree [2023] No. 1 of the CBIRC and the PBC). The Bank has formulated the Administrative Measures for Risk Classification of Financial Assets of China Minsheng Banking Corporation Limited to classify its financial assets by their risk level into five categories, namely, Normal, Special-Mention, Substandard, Doubtful and Loss, with assets classified into the latter three categories collectively referred to as “non-performing assets” to clarify the three-level procedures of “initial classification, affirmation and approval” for risk classification, and strictly conduct risk classification management.

The Group continues to deepen credit risk management empowered by technology, build an intelligent risk control system based on big data, artificial intelligence and other technologies, so as to promote the transformation of credit risk management to digital intelligence, and constantly improve the accuracy, foresight, proactivity and effectiveness of credit risk management.

The Group requires clients to provide collateral/pledges or guarantee when appropriate. The Group has established a management system and operating process for collateral and pledges. The Group continues to monitor the value, structure and legal contracts of collateral and pledges to ensure that they can continue to perform the intended purpose and comply with market practices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(1) Expected Credit Loss (“ECL”) measurement

According to the IFRS 9: Financial Instruments, the Group classifies its financial instruments into three stages for the purpose of ECL measurement and applies the ECL model to calculate credit loss provisions for on-balance sheet financial instruments that are exposed to credit risk and measured either at amortised cost or at fair value through other comprehensive income, such as loans, debt securities, balances with banks and other financial institutions, account receivables, lease receivables, and other debt investments, as well as off-balance sheet financial instruments that are exposed to credit risk, such as financial guarantee contracts and loan commitments.

The Group adopts the parameters-based approach and the discounted cash flow (“DCF”) method to assess the expected credit losses of its financial assets. A parameters-based approach is applied to retail assets and Stage 1 and Stage 2 corporate financial assets, while the DCF method is applied to Stage 3 corporate financial assets.

The Group regularly reviews and optimises its expected credit loss model, and makes timely updates to the forward-looking information and relevant parameters in accordance with the requirements of *Implementation Rules on Expected Credit Loss Approach of Commercial Banks* (CBIRC [2022] No.10) and internal relevant management system.

(a) Financial instrument risk stages

The Group applies a “three-stage model” for measuring expected credit loss for financial instruments based on changes in credit quality since initial recognition. The three stages are defined as follows:

Stage 1:	Financial instruments without significant increase in credit risk since initial recognition. For these assets, expected credit losses are recognised for the following 12 months.
Stage 2:	For financial instruments with significant increase in credit risk since initial recognition, expected credit losses are recognised for the remaining lifetime if there is no objective evidence of impairment.
Stage 3:	For financial assets with objective evidence of impairment as at the end of reporting period, expected credit losses are recognised for the remaining lifetime.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(1) Expected Credit Loss ("ECL") measurement (*continued*)

(b) Criteria for significant increases in credit risk ("SICR")

The Group assesses, at each reporting period end, whether or not the credit risk of relevant financial instruments has increased significantly since their initial recognition. In order to determine whether the credit risk has increased significantly since initial recognition, the Group takes into account the reasonable and supportable information that is available without undue cost or effort and sets qualitative and quantitative criteria accordingly. The quantitative criteria include overdue days of the principal or interest for more than 30 days, credit asset classified as special-mention, the absolute level or relative change of Probability of Default in excess of the preset thresholds, among others; and the qualitative criteria mainly cover the regulatory and business environments, the borrowers' repayment ability, borrowers' operation capability, borrowers' repayment behaviors, and forward-looking information, among others.

(c) Definition of credit-impaired financial asset

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

- The principal or interest of a financial asset is overdue for more than 90 days;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor a concession that the Group would not otherwise consider;
- The debtor will probably enter bankruptcy or another financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties faced by the issuer or debtor;
- The purchase or origination of a financial asset at a significant discount that reflects the fact of credit losses;
- Other objective evidence of financial asset impairment.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single event.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(1) Expected Credit Loss ("ECL") measurement (*continued*)

(d) Segmentation of risk exposures

For the purpose of expected credit loss measurement, the Group classifies exposures with similar credit risk characteristics into segmentation. The Group segments corporate financial assets mainly according to the borrower types and the industry in which they operate, and retail assets mainly according to product types, and the Group reviews the appropriateness of its risk grouping and makes corrections to the grouping results on an annual basis.

(e) Parameters for ECL measurement

Except for credit-impaired financial assets, the Group recognised 12-month or lifetime ECL allowance by financial instrument according to whether there is a significant increase in credit risk. Expected credit losses are the product of Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), which are defined as follows:

- PD represents the likelihood of a borrower to default on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. The PD is determined based on the adjusted results of the internal rating-based model, with forward-looking information incorporated, to reflect the borrower's point-in-time probability of default under the current macroeconomic environment;
- LGD is expressed as a percentage loss per unit of EAD. LGD varies by types of product and availability of collateral etc.;
- EAD refers to the total amount of on- and off-balance sheet exposures in the event of default and is determined based on principal, interest, off-balance sheet credit risk conversion factor etc., and may vary by product types.

(f) Forward-looking information incorporated in the ECL

The ECL calculation involves forward-looking information. Based on analysis of its historical data, the Group has identified key economic indicators relevant to expected credit losses, including the quarterly year-on-year (Y/Y) growth rates of Gross Domestic Product (GDP), Broad Money Supply (M2) and Consumer Price Index (CPI) respectively. The Group regularly evaluates the various indicators in the pool of macroeconomic indicators and selects the most relevant indicators for ECL calculation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(1) Expected Credit Loss ("ECL") measurement (*continued*)

(f) Forward-looking information incorporated in the ECL (*continued*)

As at 30 June 2025, the Group has considered different macroeconomic scenarios, and the main economic indicators with predicted ranges in estimating ECL are set out as below:

Variables	Range
Quarterly Y/Y growth rate of GDP	3.7%~6.2%
Quarterly Y/Y growth rate of M2	5.7%~8.4%
Quarterly Y/Y growth rate of CPI	-1.2%~1.4%

The Group conducts sensitivity analysis on the main economic indicators used in forward-looking information. When the predicted value of the main economic indicators changes by 10%, the difference between the hypothetical expected credit loss and the current expected credit loss measurement does not exceed 5%.

The Group combines macro-economic data analysis and expert judgments to develop the positive, neutral and negative scenarios and determine their weightings, and estimates the expected credit losses in different scenarios to calculate the allowances for the weighted average ECLs. As at 30 June 2025 and 31 December 2024, the positive, neutral and negative scenarios had similar weightings.

(g) Cash flow forecasts for Stage 3 corporate financial assets

The Group uses the DCF method to measure the expected credit losses of Stage 3 corporate financial assets. The DCF method estimates the expected credit losses based on regular forecasts of future cash flows. At each measurement date, the Group estimates the future cash inflows of an asset for different future periods, and applies appropriate discount rates to the future cash flows to obtain their present value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(2) Maximum credit risk exposure

The following table presents the Group's maximum exposure to credit risk as at the end of the reporting period without considering any collateral held or other credit enhancements, which is represented by the carrying amount of each type of financial assets after deducting any impairment allowance.

	30 June 2025	31 December 2024
Balances with central bank	280,204	280,189
Balances with banks and other financial institutions	144,879	117,731
Placements with banks and other financial institutions	162,928	186,456
Derivative financial assets	24,132	30,283
Financial assets held under resale agreements	34,808	76,958
Loans and advances to customers	4,413,765	4,396,036
Financial investments		
– Financial assets at fair value through profit or loss	200,307	198,323
– Financial assets measured at amortised cost	1,385,594	1,480,798
– Financial assets at fair value through other comprehensive income	580,318	532,935
Long-term receivables	104,677	112,382
Other financial assets	32,675	31,382
Total	7,364,287	7,443,473
Off-balance sheet credit commitments	1,464,182	1,370,904
Maximum credit risk exposure	8,828,469	8,814,377

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(3) Analysis on the credit quality of financial instruments

As at 30 June 2025, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	280,204	-	-	280,204	-	-	-	-
Balances with banks and other financial institutions	144,887	-	-	144,887	(8)	-	-	(8)
Placements with banks and other financial institutions	163,384	-	1,193	164,577	(456)	-	(1,193)	(1,649)
Financial assets held under resale agreements	34,419	-	435	34,854	(1)	-	(45)	(46)
Loans and advances to customers								
– Corporate loans and advances	2,567,308	140,465	54,704	2,762,477	(19,533)	(15,285)	(24,012)	(58,830)
– Personal loans and advances	1,675,211	38,156	33,036	1,746,403	(6,322)	(9,257)	(21,407)	(36,986)
Financial investments	1,939,414	6,424	33,111	1,978,949	(2,079)	(480)	(10,478)	(13,037)
Long-term receivables	97,225	3,954	6,260	107,439	(597)	(406)	(1,759)	(2,762)
Off-balance sheet credit commitments	1,463,240	891	51	1,464,182	(967)	(27)	(4)	(998)

As at 31 December 2024, the credit risk stages of financial instruments at amortised cost and financial instruments at fair value through other comprehensive income are as following:

	Gross carrying amount				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balances with central bank	280,189	-	-	280,189	-	-	-	-
Balances with banks and other financial institutions	117,733	-	-	117,733	(2)	-	-	(2)
Placements with banks and other financial institutions	186,748	-	1,193	187,941	(292)	-	(1,193)	(1,485)
Financial assets held under resale agreements	76,570	-	435	77,005	(2)	-	(45)	(47)
Loans and advances to customers								
– Corporate loans and advances	2,510,263	148,392	55,046	2,713,701	(18,897)	(15,094)	(22,800)	(56,791)
– Personal loans and advances	1,711,099	31,695	31,945	1,774,739	(7,746)	(7,932)	(20,660)	(36,338)
Financial investments	1,985,681	5,902	36,047	2,027,630	(2,359)	(412)	(11,126)	(13,897)
Long-term receivables	105,296	3,851	6,097	115,244	(675)	(413)	(1,774)	(2,862)
Off-balance sheet credit commitments	1,365,627	5,275	2	1,370,904	(1,008)	(49)	(1)	(1,058)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(4) Loans and advances to customers

The credit risk stages of loans and advances to customers (excluding interest accrued) are as following:

	30 June 2025	31 December 2024
Stage 1		
Unsecured loans	1,369,005	1,312,326
Guaranteed loans	873,599	802,071
Loans secured by		
Tangible assets other than monetary assets	1,638,998	1,628,526
Monetary assets	340,135	460,957
Subtotal	4,221,737	4,203,880
Stage 2		
Unsecured loans	26,694	18,638
Guaranteed loans	22,313	21,989
Loans secured by		
Tangible assets other than monetary assets	83,815	89,928
Monetary assets	27,688	29,179
Subtotal	160,510	159,734
Stage 3		
Unsecured loans	21,859	20,305
Guaranteed loans	16,171	14,512
Loans secured by		
Tangible assets other than monetary assets	37,025	40,883
Monetary assets	12,572	11,166
Subtotal	87,627	86,866
Total	4,469,874	4,450,480
Credit-impaired loans secured by collateral	19,298	19,117

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

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

Loans and advances to customers (excluding interest accrued) analysed by industries are as following:

	30 June 2025		31 December 2024	
	Amount	(%)	Amount	(%)
Corporate loans and advances				
Leasing and commercial services	588,427	13.16	547,070	12.29
Manufacturing	485,863	10.87	508,464	11.42
Real estate	332,648	7.44	333,439	7.49
Wholesale and retail	288,505	6.45	295,899	6.65
Transportation, storage and postal services	191,745	4.29	171,065	3.85
Water, environment and public utilities management	175,289	3.92	165,256	3.71
Production and supply of electric power, heat, gas and water	148,886	3.33	136,116	3.06
Financial services	137,806	3.08	173,059	3.89
Construction	128,517	2.88	125,336	2.82
Mining	68,278	1.53	64,345	1.45
Information transmission, software and IT services	56,711	1.27	45,895	1.03
Scientific research and technical service	43,856	0.98	39,153	0.88
Agriculture, forestry, animal husbandry and fishery	26,212	0.59	22,837	0.51
Others	54,496	1.22	51,987	1.17
Subtotal	2,727,239	61.01	2,679,921	60.22
Personal loans and advances	1,742,635	38.99	1,770,559	39.78
Total	4,469,874	100.00	4,450,480	100.00

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

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

Loans and advances to customers (excluding interest accrued) by geographical area are as following:

	30 June 2025		31 December 2024	
	Amount	(%)	Amount	(%)
Head Office	457,948	10.25	487,000	10.94
Yangtze River Delta	1,185,370	26.52	1,155,778	25.97
Pearl River Delta	724,478	16.21	710,655	15.97
Bohai Rim	690,692	15.45	693,598	15.58
Western Region	685,311	15.33	680,003	15.28
Central Region	504,479	11.29	510,355	11.47
Northeastern Region	92,682	2.07	91,780	2.06
Overseas and subsidiaries	128,914	2.88	121,311	2.73
Total	4,469,874	100.00	4,450,480	100.00

(5) Rescheduled loans and advances

Rescheduled loans and advances to customers are those loans and advances for which, due to financial difficulties on the part of the borrowers, the Group has made modifications to the contract terms that are favourable to the borrowers, or has entered into refinancing arrangements with the borrowers, including borrowing for repaying or additional debt financing, etc., to facilitate the borrowers to meet their repayment obligations. As at 30 June 2025, the amount of the Group's rescheduled loans and advances to customers is RMB27,226 million (31 December 2024: RMB26,401 million)

Rescheduled loans and advances which were not past due or past due for no more than 90 days are as follows:

	30 June 2025	31 December 2024
Loans and advances to customers	18,681	18,680
Ratio of total loans and advances to customers (%)	0.42	0.42

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(6) Distribution of debt instruments analysed by issuers and rating

The ratings are obtained from Standard & Poor's ratings, or major rating agencies where the issuers of the debt securities are located.

	30 June 2025					Total
	Unrated (a)	AAA	AA	A	Lower than A	
Credit impaired						
– Banks and non-bank financial institutions (b)	28,943	–	–	–	–	28,943
– Corporates	2,424	–	–	–	2,083	4,507
Gross balance	31,367	–	–	–	2,083	33,450
Interest accrued						2,660
Less: Allowance for impairment losses of financial assets measured at amortised cost						(8,970)
Subtotal						27,140
Not impaired						
– Government	634,926	665,123	71	1,664	46	1,301,830
– Policy banks	105,217	–	–	6,235	–	111,452
– Banks and non-bank financial institutions	106,807	127,969	2,822	1,925	8,835	248,358
– Corporates	92,752	145,330	11,578	4,169	5,515	259,344
Gross balance	939,702	938,422	14,471	13,993	14,396	1,920,984
Interest accrued						19,150
Less: Allowance for impairment losses of financial assets measured at amortised cost						(1,362)
Subtotal						1,938,772
Total						1,965,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(6) Distribution of debt instruments analysed by issuers and rating (*continued*)

	31 December 2024					
	Unrated (a)	AAA	AA	A	Lower than A	Total
Credit impaired						
– Banks and non-bank financial institutions (b)	31,033	–	–	–	–	31,033
– Corporates	3,433	–	–	594	1,399	5,426
Gross balance	34,466	–	–	594	1,399	36,459
Interest accrued						3,797
Less: Allowance for impairment losses of financial assets measured at amortised cost						(9,818)
Subtotal						30,438
Not impaired						
– Government	618,539	727,991	41	34	–	1,346,605
– Policy banks	106,435	–	1,171	–	–	107,606
– Banks and non-bank financial institutions	87,736	149,940	–	423	420	238,519
– Corporates	76,647	182,807	8,810	2,400	688	271,352
Gross balance	889,357	1,060,738	10,022	2,857	1,108	1,964,082
Interest accrued						20,844
Less: Allowance for impairment losses of financial assets measured at amortised cost						(1,630)
Subtotal						1,983,296
Total						2,013,734

(a) Unrated debt investments held by the Group mainly include bonds issued by the PRC government, trust and asset management plans, bonds issued by corporates and bonds issued by policy banks, etc.

(b) Credit-impaired debt instruments of banks and non-bank financial institutions mainly include trust and asset management plans, of which the underlying debtors are corporates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.2 Credit risk (*continued*)

(7) Investments classified as trust and asset management plans analysed by type of underlying assets

	30 June 2025	31 December 2024
Trust and asset management plans		
Credit assets	24,709	27,173
Bonds and others	20,842	18,254
Total	45,551	45,427

The Group includes trust and asset management plans into comprehensive credit management system and manages its credit risk exposure in a holistic manner. The different methods to mitigate credit risk exposures in trust and assets management plan include guarantees, collaterals and pledges.

10.3 Market risk

The Group is exposed to market risk, which is the risk of loss to its on- and off-balance sheet businesses caused by unfavourable changes in market prices (interest rates, exchange rates, and stock and commodity prices). Market risk includes interest rate risk, exchange rate (including gold bullion) risk, equity price risk and commodity price risk, arising from adverse movements in interest rates, exchange rates, stock prices and commodity price, respectively.

The market risk faced by the Group mainly arises from the Bank's business activities. The Bank and its subsidiaries independently manage their own market risk.

The Bank distinguishes between banking books and trading books in accordance with requirements of regulatory authorities and the general practices of the banking industry, and adopts different methods to identify, measure, monitor and control their respective market risks based on the nature and characteristics of banking and trading books.

Trading books refer to the financial instruments, foreign exchange and commodities positions which could be traded freely. They are held by the Bank for trading or hedging against other risks in the trading book. Positions in the trading book must not be subject to any trading restrictions, or be able to fully hedge against the risks. These positions must also be valued accurately and managed proactively as well. In contrast, the Bank's other businesses are included in the banking books.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(1) Market risk measurement techniques

The Bank selects appropriate and generally accepted measurement methods for the different types of market risks in its banking books and trading books based on actual needs of the business.

In accordance with regulatory requirements and in response to interest rate risk of the banking books, the Bank develops measurement methods that are appropriate for the size and structure of its assets and liabilities, and performs quantitative assessment of the impact of interest rate changes on the Bank's banking book net interest income and economic value by adopting methods such as gap analysis, net interest income simulation analysis, and economic value simulation analysis.

Interest rate risk of the trading books are measured by using methods such as duration analysis, scenario analysis, sensitivity analysis and value at risk (VaR).

Exchange rate risks of the banking books include exposure in foreign exchange settlement and sales, foreign currency capital funds, loss in foreign currency profits due to settlement of foreign exchange, and shrinking of foreign currency assets compared to the local currency. The Bank assesses the impact of future exchange rate risk based on the exchange rate tendency and the future changes in the Bank's asset and liability portfolios.

Exchange rate risk of trading books arises from currency exposure conducted for customers, market making, proprietary trading, foreign exchange and foreign exchange derivative financial instrument transactions for the purpose of obtaining spreads or locking in arbitrage. The Bank measures exchange rate risk indicators through the identification of exchange rate risk factors and comprehensively evaluates the impact of changes in risk factors on each portfolio, product category and the Bank's profit and loss situation.

The Bank is fully aware of the pros and cons of different methods for measurement of market risks, and therefore adopts other methods, such as stress tests, for complementation. Stress scenarios applied to market risk stress testing include expert scenarios, historical scenarios, and hybrid scenarios.

(2) Currency risk

Currency risk refers to the foreign exchange and foreign exchange derivatives positions, the risk of losses of banks arise from adverse changes of exchange rate. The Group uses RMB as its bookkeeping currency, and the Group's assets and liabilities are denominated in RMB, and the rest are mainly US dollars and Hong Kong dollars.

The Group manages the exchange rate risk by controlling each currency exposure limits and total exposure.

The Group manages the currency risk in the frame of the exposure limit by daily monitoring, reporting and analysing.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(2) Currency risk (*continued*)

The following tables present the Group's foreign exchange risk exposures as at the end of the reporting period. The carrying values of assets and liabilities denominated in foreign currencies have been converted into RMB.

	30 June 2025				Total
	RMB	USD	HKD	Others	
Assets:					
Cash and balances with central bank	278,986	5,697	249	251	285,183
Balances with banks and other financial institutions	105,847	32,412	2,199	4,421	144,879
Placements with banks and other financial institutions	120,718	31,160	2,886	8,164	162,928
Financial assets held under resale agreements	34,808	–	–	–	34,808
Loans and advances to customers	4,263,152	89,237	38,740	22,636	4,413,765
Financial investments	2,186,829	137,041	8,649	16,347	2,348,866
Long-term receivables	92,394	12,283	–	–	104,677
Other assets	183,780	60,250	4,194	25,591	273,815
Total assets	7,266,514	368,080	56,917	77,410	7,768,921
Liabilities:					
Borrowings from central bank	250,488	–	–	–	250,488
Deposits and placements from banks and other financial institutions	697,692	65,054	19,533	21,775	804,054
Borrowings from banks and other financial institutions	67,613	39,640	1,249	1	108,503
Financial assets sold under repurchase agreements	241,435	9,361	1,513	143	252,452
Deposits from customers	4,126,597	222,042	17,662	15,786	4,382,087
Debt securities issued	1,044,635	5,338	–	–	1,049,973
Lease liabilities	8,542	–	61	11	8,614
Other liabilities	155,605	13,596	2,689	38,548	210,438
Total liabilities	6,592,607	355,031	42,707	76,264	7,066,609
Net position	673,907	13,049	14,210	1,146	702,312
Foreign currency derivatives	113,712	(36,450)	(59,345)	(10,888)	7,029
Off-balance sheet credit commitments	1,406,448	49,852	4,847	3,035	1,464,182

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(2) Currency risk (*continued*)

	31 December 2024				
	RMB	USD	HKD	Others	Total
Assets:					
Cash and balances with central bank	279,339	5,575	329	206	285,449
Balances with banks and other financial institutions	78,897	34,816	1,580	2,438	117,731
Placements with banks and other financial institutions	138,831	32,755	2,492	12,378	186,456
Financial assets held under resale agreements	76,958	–	–	–	76,958
Loans and advances to customers	4,244,613	90,923	39,056	21,444	4,396,036
Financial investments	2,251,474	128,357	5,634	13,237	2,398,702
Long-term receivables	97,766	14,616	–	–	112,382
Other assets	163,268	41,570	5,217	31,200	241,255
Total assets	7,331,146	348,612	54,308	80,903	7,814,969
Liabilities:					
Borrowings from central bank	261,108	–	–	–	261,108
Deposits and placements from banks and other financial institutions	970,311	67,786	15,862	19,747	1,073,706
Borrowings from banks and other financial institutions	72,270	37,538	2,185	–	111,993
Financial assets sold under repurchase agreements	236,285	8,038	3,783	18	248,124
Deposits from customers	4,082,728	213,036	15,357	21,560	4,332,681
Debt securities issued	938,863	2,162	–	–	941,025
Lease liabilities	8,979	–	85	14	9,078
Other liabilities	171,513	7,631	1,192	350	180,686
Total liabilities	6,742,057	336,191	38,464	41,689	7,158,401
Net position	589,089	12,421	15,844	39,214	656,568
Foreign currency derivatives	57,707	11,407	(14,746)	(47,732)	6,636
Off-balance sheet credit commitments	1,317,138	48,877	2,395	2,494	1,370,904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(2) Currency risk (*continued*)

The Group conducts sensitivity analysis on the net foreign currency position to identify the impact on the statement of profit or loss of potential movements in foreign currency exchange rates against the RMB. As at 30 June 2025, assuming other variables remain unchanged, with 1% appreciation of the US dollar against the RMB would increase both the Group's net profit and equity by RMB213 million (31 December 2024 with 1% appreciation of the US dollar against the RMB would increase both the Group's net profit and equity by RMB506 million); with 1% depreciation of the US dollar against the RMB would decrease both the Group's net profit and equity by RMB213 million (31 December 2024: decrease by RMB506 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities that contains the following assumptions:

- a. The sensitivity of each type of exchange rate refers to the exchange gain or loss caused by a fluctuation in the absolute value of closing foreign currency rate by 1% against the RMB's average rate on the reporting date;
- b. The fluctuation of exchange rates by 1% is based on the assumption of exchange rates movement from the current reporting date to the next reporting date;
- c. The fluctuation of exchange rates for all foreign currencies represents the fluctuation of exchange rates in US dollars and other foreign currencies against RMB in the same direction simultaneously. Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars, other foreign currencies are converted into US dollars through sensitivity analysis;
- d. The foreign exchange exposures calculated includes spot and forward foreign exchange exposures and swaps;
- e. Other variables (including interest rates) remained unchanged; and
- f. The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by the increase or decrease in exchange rates might vary from the estimated results of this sensitivity analysis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(3) Interest rate risk

Interest rate risk refers to the adverse changes of the level of interest rate, term structure and other factors, which lead to loss on the economic value and bank revenue. Interest rate risk include gap risk, basis risk and option risk, and the gap risk and basis risk are the main sources of risk for the Group.

(a) The trading books

The adverse changes due to the interest rate risk of the trading books related to the financial instruments and commodity positions will cause loss for trading books. The scope of managing interest rate risk of the trading books covers all products and businesses that are sensitive to changes in interest rates, including domestic and foreign currency bond investments, money market transactions, interest rate derivatives, foreign exchange derivatives, precious metal derivatives, and complex derivatives, etc.

The Group mainly uses indicators for scale size, profit and loss indicators, valuation, sensitivity analysis, VaR analysis, duration analysis, stress testing and other methods to quantitatively analyse interest rate risk, and incorporates market risk measurement models into daily risk management.

The Group sets risk limits such as interest rate sensitivity, duration, exposure, and loss limits to effectively control the interest rate risk of the trading books, and manages the interest rate risk within exposure limit through daily monitoring.

(b) The banking books

The primary techniques applied by the Group in measuring and analysing interest rate risk are mainly scenario analyses, repricing gap analyses, valuation analyses, sensitivity analyses, duration analyses and stress testing. The Group manages the interest rate risk using the framework of exposure limit by periodically monitoring and reporting.

The Group strengthens interest rate risk management in the banking book by setting risk limits such as duration and valuation loss tolerance. The Group closely monitors trends of interest rate changes for both RMB and foreign currencies, follows market interest rate changes, performs scenario analyses and stress tests on a regular basis, and adjusts asset and liability maturity strategy, interest rates of deposits and loans in both RMB and foreign currencies as well as repricing strategy to manage interest rate risk.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(3) Interest rate risk (*continued*)

The following tables present the Group's exposure to interest rate risk, indicating net carrying amounts of assets and liabilities based on their contractual repricing dates or maturity dates whichever are earlier.

	30 June 2025						Total
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Assets:							
Cash and balances with central bank	280,102	–	–	–	–	5,081	285,183
Balances with banks and other financial institutions	139,253	1,744	3,772	–	–	110	144,879
Placements with banks and other financial institutions	18,625	19,179	93,038	31,675	–	411	162,928
Financial assets held under resale agreements	34,777	–	–	–	–	31	34,808
Loans and advances to customers	917,267	1,084,990	1,584,834	681,200	106,468	39,006	4,413,765
Financial investments	42,178	74,495	441,974	966,296	593,514	230,409	2,348,866
Long-term receivables	5,268	7,677	31,616	42,385	17,731	–	104,677
Other assets	249	1	416	1,910	–	271,239	273,815
Total assets	1,437,719	1,188,086	2,155,650	1,723,466	717,713	546,287	7,768,921
Liabilities:							
Borrowings from central bank	4,192	53,418	190,115	–	–	2,763	250,488
Deposits and placements from banks and other financial institutions	627,519	74,954	98,441	–	–	3,140	804,054
Borrowings from banks and other financial institutions	43,955	14,485	46,574	1,510	1,372	607	108,503
Financial assets sold under repurchase agreements	172,205	44,069	35,785	–	–	393	252,452
Deposits from customers	1,974,096	401,185	954,393	981,043	285	71,085	4,382,087
Debt securities issued	107,102	343,169	492,072	36,937	69,996	697	1,049,973
Lease liabilities	213	504	1,921	5,016	960	–	8,614
Other liabilities	227	39,026	996	–	–	170,189	210,438
Total liabilities	2,929,509	970,810	1,820,297	1,024,506	72,613	248,874	7,066,609
Interest rate gap	(1,491,790)	217,276	335,353	698,960	645,100	297,413	702,312

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(3) Interest rate risk (*continued*)

	31 December 2024						Total
	Less than 1 months	1 month to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Assets:							
Cash and balances with central bank	280,068	–	–	–	–	5,381	285,449
Balances with banks and other financial institutions	111,066	2,455	4,100	–	–	110	117,731
Placements with banks and other financial institutions	133,978	21,264	25,514	4,961	272	467	186,456
Financial assets held under resale agreements	76,926	–	–	–	–	32	76,958
Loans and advances to customers	926,458	1,036,212	1,567,709	686,091	141,607	37,959	4,396,036
Financial investments	76,120	75,079	319,582	1,015,643	658,311	253,967	2,398,702
Long-term receivables	7,400	8,832	34,321	53,456	8,373	–	112,382
Other assets	402	–	797	971	–	239,085	241,255
Total assets	1,612,418	1,143,842	1,952,023	1,761,122	808,563	537,001	7,814,969
Liabilities:							
Borrowings from central bank	10,002	55,676	193,389	–	–	2,041	261,108
Deposits and placements from banks and other financial institutions	556,380	174,774	337,920	–	–	4,632	1,073,706
Borrowings from banks and other financial institutions	40,910	25,318	42,300	2,538	–	927	111,993
Financial assets sold under repurchase agreements	60,942	97,821	88,876	–	–	485	248,124
Deposits from customers	1,979,580	410,504	845,692	1,013,107	212	83,586	4,332,681
Debt securities issued	15,440	202,312	609,895	30,970	79,994	2,414	941,025
Lease liabilities	225	512	2,007	5,340	994	–	9,078
Other liabilities	150	9,834	1,884	–	–	168,818	180,686
Total liabilities	2,663,629	976,751	2,121,963	1,051,955	81,200	262,903	7,158,401
Interest rate gap	(1,051,211)	167,091	(169,940)	709,167	727,363	274,098	656,568

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.3 Market risk (*continued*)

(3) Interest rate risk (*continued*)

If yield curves for respective currencies move in parallel for 100 basis points at the end of the reporting period, their potential impact on the Group's net interest income and shareholders' equity for the following 12 months is as follows:

	30 June 2025 (Loss)/Gain	31 December 2024 (Loss)/Gain
Up 100 bps parallel shift in yield curves	(10,870)	(6,269)
Down 100 bps parallel shift in yield curves	10,870	6,269

In performing the interest rate sensitivity analysis, the Group has made general assumptions in defining business terms and financial parameters, but have not considered the following:

- Business changes after the end of the reporting period, as the analysis is performed based on the static gap at the end of the reporting period;
- The impact of interest rate fluctuations on customers' behaviour;
- The complicated relationship between complex structured products (e.g. embedded call options and other derivative financial instruments) and interest rate fluctuations;
- The impact of interest rate fluctuations on market prices;
- The impact of interest rate fluctuations on off-balance sheet products;
- The impact of interest rate fluctuations on fair value of financial instruments;
- Other variables (including foreign exchange rate); and
- Other risk management measures in the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk

Liquidity risk is the risk that the Group is unable to promptly obtain funds at reasonable cost to repay maturing liabilities, discharge other payment obligations and meet other funding needs in the course of normal operations.

During the reporting period, the Bank's subsidiaries manage their respective liquidity risks according to the Group's liquidity risk management framework, and the Bank manages the liquidity risk of all its branches and business lines.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, demand deposits, maturing time deposits, loan drawdowns, guarantees and other calls on cash-settled derivatives. The Bank does not maintain cash resources to meet all these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Bank sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the full amounts under commitments, because the Bank does not generally expect the third party to fully draw funds under those agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

(1) Liquidity risk management policy

The Bank and its subsidiaries separately and independently develop their liquidity risk management policies.

The Board of Directors is ultimately responsible for liquidity risk management including reviewing and approving liquidity risk appetite, liquidity risk management strategy, major policies and procedures. The Bank's senior management is responsible for formulating liquidity risk management policies according to the development strategy of the Bank. The Asset and Liability and Financial Management Department is responsible for the daily liquidity risk management through the following procedures:

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(1) Liquidity risk management policy (*continued*)

To manage the day-to-day position through monitoring the future cash flow to ensure it meets the required fund position, including matured deposits and replenishment of funds for loan demand. The Bank actively participates in global money market transactions to ensure that the Bank's funding requirements are satisfied;

To set ratio requirements and transactions limits to help monitor and manage liquidity risks. The ratios include but are not limited to liquidity coverage ratios, liquidity ratios, net stable funding ratios and liquidity matching rate;

To measure and monitor cash flows through the Bank's asset and liabilities management system, and perform liquidity scenario analyses and stress testing on overall assets and liabilities to satisfy internal and external requirements. Various techniques are used to estimate the Bank's liquidity requirements, and liquidity risk management decisions are made based on the estimated liquidity requirements and within respective terms of reference. A periodical reporting system is established to promptly update senior management on latest liquidity risk information;

To monitor the maturity concentration risk of financial assets and hold an appropriate quantity of high-liquidity and high-market-value assets to ensure the Bank is well positioned to fund its repayment obligations and business growth in the event of an interruption of cash flows due to whatever causes.

(2) Maturity analysis

The following tables present the maturity analysis of assets and liabilities of the Group as at the end of the reporting period. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than one month, and also equity investments and fund investments in financial investment; and repayable on demand with respect to loans and advances and long-term receivables refers to the unimpaired amounts of such assets that have been overdue for less than one month.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(2) Maturity analysis (*continued*)

	30 June 2025							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Assets:								
Cash and balances with central bank	225,816	59,367	-	-	-	-	-	285,183
Balances with banks and other financial institutions	-	135,042	4,321	1,744	3,772	-	-	144,879
Placements with banks and other financial institutions	-	-	18,698	19,207	93,279	31,744	-	162,928
Financial assets held under resale agreements	411	-	34,397	-	-	-	-	34,808
Loans and advances to customers	53,901	10,314	288,454	244,914	1,245,581	1,332,426	1,238,175	4,413,765
Financial investments	209,478	-	43,059	75,201	446,398	976,004	598,726	2,348,866
Long-term receivables	8,032	2,019	5,839	7,677	30,100	39,593	11,417	104,677
Other assets	224,759	1,376	10,417	7,723	16,092	11,799	1,649	273,815
Total assets	722,397	208,118	405,185	356,466	1,835,222	2,391,566	1,849,967	7,768,921

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(2) Maturity analysis (*continued*)

	30 June 2025							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Liabilities:								
Borrowings from central bank	-	-	4,256	54,241	191,991	-	-	250,488
Deposits and placements from banks and other financial institutions	-	581,879	48,432	75,179	98,564	-	-	804,054
Borrowings from banks and other financial institutions	-	-	19,516	16,985	57,295	7,925	6,782	108,503
Financial assets sold under repurchase agreements	-	-	172,448	44,196	35,808	-	-	252,452
Deposits from customers	-	1,795,188	213,459	407,611	969,231	996,598	-	4,382,087
Debt securities issued	-	-	107,172	343,169	492,699	36,937	69,996	1,049,973
Lease liabilities	-	-	213	504	1,921	5,016	960	8,614
Other liabilities	1,837	160,515	9,471	16,073	10,891	9,606	2,045	210,438
Total liabilities	1,837	2,537,582	574,967	957,958	1,858,400	1,056,082	79,783	7,066,609
Net position	720,560	(2,329,464)	(169,782)	(601,492)	(23,178)	1,335,484	1,770,184	702,312
Notional amount of derivatives	-	-	1,214,087	1,096,887	5,174,670	227,189	2,015	7,714,848

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(2) Maturity analysis (*continued*)

	31 December 2024							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Assets:								
Cash and balances with central bank	242,628	42,821	-	-	-	-	-	285,449
Balances with banks and other financial institutions	-	107,158	4,018	2,455	4,100	-	-	117,731
Placements with banks and other financial institutions	-	-	31,388	67,959	78,664	8,169	276	186,456
Financial assets held under resale agreements	411	-	76,547	-	-	-	-	76,958
Loans and advances to customers	53,736	8,030	340,287	309,522	1,292,316	1,225,148	1,166,997	4,396,036
Financial investments	221,567	-	78,571	71,247	328,554	1,034,130	664,633	2,398,702
Long-term receivables	7,319	1,146	1,469	1,700	14,313	74,858	11,577	112,382
Other assets	188,269	358	10,921	10,400	19,012	10,769	1,526	241,255
Total assets	713,930	159,513	543,201	463,283	1,736,959	2,353,074	1,845,009	7,814,969

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(2) Maturity analysis (*continued*)

	31 December 2024							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Liabilities:								
Borrowings from central bank	-	-	10,247	56,793	194,068	-	-	261,108
Deposits and placements from banks and other financial institutions	-	455,080	105,466	175,038	338,122	-	-	1,073,706
Borrowings from banks and other financial institutions	-	-	20,087	26,874	47,689	13,194	4,149	111,993
Financial assets sold under repurchase agreements	-	-	61,078	98,073	88,973	-	-	248,124
Deposits from customers	-	1,805,555	213,072	418,649	862,226	1,033,179	-	4,332,681
Debt securities issued	-	-	15,440	202,356	610,111	33,124	79,994	941,025
Lease liabilities	-	-	225	512	2,007	5,340	994	9,078
Other liabilities	1,730	96,185	14,489	30,437	24,108	11,931	1,806	180,686
Total liabilities	1,730	2,356,820	440,104	1,008,732	2,167,304	1,096,768	86,943	7,158,401
Net position	712,200	(2,197,307)	103,097	(545,449)	(430,345)	1,256,306	1,758,066	656,568
Notional amount of derivatives	-	-	819,127	839,096	3,906,470	187,927	1,424	5,754,044

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities

The following tables present the analysis of the undiscounted contractual cash flows of the Group's non-derivative assets and liabilities as at the end of the reporting period. The Group manages its liquidity risk based on its estimation of expected future cash flows. An indefinite term in the case of cash and deposits with the Central Bank refers to statutory reserves and fiscal deposits placed with the Central Bank; an indefinite term in terms of financial investments, loans and advances, long-term receivables, placements with banks and other financial institutions and financial assets held under resale agreements refers to amounts of such assets that have become impaired or overdue for more than 1 month, and also equity investments and fund investments in financial investments; and repayable on demand with respect to, loans and advances and long-term receivables refer to the unimpaired amounts of such assets that have been overdue for less than 1 month.

	30 June 2025							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Assets:								
Cash and balances with central bank	225,816	59,367	-	-	-	-	-	285,183
Balances with banks and other financial institutions	-	135,042	4,345	1,764	3,835	-	-	144,986
Placements with banks and other financial institutions	-	-	18,856	19,263	94,026	32,618	-	164,763
Financial assets held under resale agreements	411	-	34,401	-	-	-	-	34,812
Loans and advances to customers	103,949	11,840	392,102	347,873	1,553,670	1,387,873	1,753,729	5,551,036
Financial investments	218,215	-	46,711	83,992	484,657	1,084,435	724,795	2,642,805
Long-term receivables	8,861	2,590	6,077	8,830	34,910	46,221	13,247	120,736
Other assets	228,555	1,376	4,919	1,847	5,014	12,321	1,615	255,647
Total assets (expected maturity date)	785,807	210,215	507,411	463,569	2,176,112	2,563,468	2,493,386	9,199,968

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities (*continued*)

	30 June 2025							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Liabilities:								
Borrowings from central bank	-	-	4,260	54,496	193,860	-	-	252,616
Deposits and placements from banks and other financial institutions	-	582,630	48,481	75,408	98,895	-	-	805,414
Borrowings from banks and other financial institutions	-	-	19,536	17,097	58,179	8,044	6,827	109,683
Financial assets sold under repurchase agreements	-	-	172,558	44,182	36,049	-	-	252,789
Deposits from customers	-	1,795,188	213,995	408,818	973,771	1,006,269	-	4,398,041
Debt securities issued	-	-	107,287	344,192	499,793	45,057	77,700	1,074,029
Lease liabilities	-	-	219	519	1,979	5,169	990	8,876
Other liabilities	1,837	237,575	9,471	16,073	10,891	9,606	2,045	287,498
Total liabilities (contractual maturity date)	1,837	2,615,393	575,807	960,785	1,873,417	1,074,145	87,562	7,188,946

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities (*continued*)

	31 December 2024							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Assets:								
Cash and balances with central bank	242,628	42,821	-	-	-	-	-	285,449
Balances with banks and other financial institutions	-	107,158	4,023	2,455	4,100	-	-	117,736
Placements with banks and other financial institutions	1,199	-	31,506	69,257	80,380	8,173	545	191,060
Financial assets held under resale agreements	411	-	76,560	-	-	-	-	76,971
Loans and advances to customers	95,605	10,687	360,417	360,612	1,463,356	1,522,870	1,692,957	5,506,504
Financial investments	238,652	-	81,848	80,284	368,098	1,144,083	789,297	2,702,262
Long-term receivables	8,767	1,349	1,578	1,753	15,209	85,792	15,021	129,469
Other assets	183,042	358	5,403	1,552	4,502	9,470	1,418	205,745
Total assets (expected maturity date)	770,304	162,373	561,335	515,913	1,935,645	2,770,388	2,499,238	9,215,196

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(3) Analysis on contractual undiscounted cash flows of non-derivative assets and liabilities (*continued*)

	31 December 2024							Total
	Indefinite	Repayable on demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Liabilities:								
Borrowings from central bank	-	-	10,258	57,048	197,279	-	-	264,585
Deposits and placements from banks and other financial institutions	-	455,522	105,528	175,275	338,321	-	-	1,074,646
Borrowings from banks and other financial institutions	-	-	20,111	27,167	48,371	13,871	4,465	113,985
Financial assets sold under repurchase agreements	-	-	61,185	98,470	89,893	-	-	249,548
Deposits from customers	-	1,805,555	213,319	419,644	865,154	1,062,311	-	4,365,983
Debt securities issued	-	-	15,450	203,164	617,257	33,502	96,125	965,498
Lease liabilities	-	-	243	552	2,165	5,759	1,072	9,791
Other liabilities	1,730	96,185	6,266	20,025	9,959	10,654	1,794	146,613
Total liabilities (contractual maturity date)	1,730	2,357,262	432,360	1,001,345	2,168,399	1,126,097	103,456	7,190,649

(4) Analysis on contractual undiscounted cash flows of derivatives

(a) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include:

- Foreign exchange derivatives Foreign exchange forwards, swaps and options
- Interest rate derivatives Interest rate swaps
- Credit derivatives Credit default swaps

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(4) Analysis on contractual undiscounted cash flows of derivatives (*continued*)

(a) Derivatives settled on a net basis (*continued*)

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a net basis as at the end of the reporting period.

	30 June 2025					Total
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Foreign exchange derivatives	(3,011)	(2,942)	(2,343)	58	–	(8,238)
Interest rate derivatives	53	234	323	254	4	868
Credit derivatives	22	107	–	283	–	412
Total	(2,936)	(2,601)	(2,020)	595	4	(6,958)

	31 December 2024					Total
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Foreign exchange derivatives	364	6,828	(6,148)	2,486	–	3,530
Interest rate derivatives	(115)	(32)	627	165	8	653
Credit derivatives	20	–	60	167	–	247
Total	269	6,796	(5,461)	2,818	8	4,430

(b) Derivatives settled on a gross basis

The Group's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives Foreign exchange forwards, swaps and options
- Precious metal derivatives Precious metal forwards and swaps

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(4) Analysis on contractual undiscounted cash flows of derivatives (*continued*)

(b) Derivatives settled on a gross basis (*continued*)

The following tables analyse the Group's contractual undiscounted cash flows of derivatives to be settled on a gross basis as at the end of the reporting period.

	30 June 2025					Total
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Foreign exchange derivatives						
– Cash outflow	(1,013,165)	(932,094)	(2,537,932)	(188,285)	–	(4,671,476)
– Cash inflow	1,012,235	932,644	2,539,385	188,876	–	4,673,140
Precious metal derivatives						
– Cash outflow	(40,354)	(20,883)	(30,849)	–	–	(92,086)
– Cash inflow	42,169	26,877	30,458	–	–	99,504
Total cash outflow	(1,053,519)	(952,977)	(2,568,781)	(188,285)	–	(4,763,562)
Total cash inflow	1,054,404	959,521	2,569,843	188,876	–	4,772,644

	31 December 2024					Total
	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Foreign exchange derivatives						
– Cash outflow	(503,079)	(620,948)	(1,486,938)	(156,924)	–	(2,767,889)
– Cash inflow	504,851	623,048	1,491,178	157,124	–	2,776,201
Precious metal derivatives						
– Cash outflow	(25,742)	(23,868)	(25,038)	–	–	(74,648)
– Cash inflow	25,752	23,942	25,105	–	–	74,799
Total cash outflow	(528,821)	(644,816)	(1,511,976)	(156,924)	–	(2,842,537)
Total cash inflow	530,603	646,990	1,516,283	157,124	–	2,851,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.4 Liquidity risk (*continued*)

(5) Analysis on contractual undiscounted cash flows of commitments

Management treats contractual maturity as the best estimate for analysing liquidity risk of off-balance sheet items, unless an objective evidence of default is identified.

	30 June 2025			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Bank acceptances	563,174	–	–	563,174
Letters of credit	176,997	446	–	177,443
Guarantees	89,897	44,628	791	135,316
Unused credit card commitments	525,419	–	–	525,419
Irrevocable credit commitments	47,183	14,943	704	62,830
Total	1,402,670	60,017	1,495	1,464,182

	31 December 2024			Total
	Less than 1 year	1 to 5 years	More than 5 years	
Bank acceptances	518,662	–	–	518,662
Letters of credit	140,779	297	–	141,076
Guarantees	93,416	40,819	982	135,217
Unused credit card commitments	519,213	–	–	519,213
Irrevocable credit commitments	42,278	13,598	860	56,736
Total	1,314,348	54,714	1,842	1,370,904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.5 Operational risk

Operational risk refers to the risk of loss resulting from issues related to internal procedures, personnel and information technology (IT) systems, or external events. Operational risk includes legal risks but excludes strategic and reputation risks. The types of operational risk loss events within the Bank mainly include internal and external fraud, employment system and workplace safety events, events related to clients, products and business practices, damage to physical assets, IT system failures, as well as implementation, delivery and process management events.

During the reporting period, the Bank keeps promoting the implementation of the construction plan for its operational risk management system. It fully explored and found more clues and relevant information on loss data, so as to conducted data tracking, cleaning and supplementary reporting on historical loss data across the Group, and it standardised the identification, collection, and processing procedures for operational risk loss data to ensure the collected results meet the regulatory requirements of comprehensiveness, accuracy, and high quality, while controlling the operational risk loss rate within the risk appetite limit. The Bank improved the calculation logic for business indicators under the standardised approach for operational risk, designed the differential treatment methods for the internal loss multiplier (ILM) under different circumstances, implemented the regulatory capital measurement under the new standardised approach while gradually improving the level of measurement automation. To strengthen the management mechanism for the operational risk stress test, the Bank printed and distributed detailed implementation rules to clarify workflow and methods. The Bank identified and assessed operational risk, monitored indicators, optimised the operational risk management system, so as to forge a solid foundation for operational risk management. Additionally, the Bank strengthened the connection between operational risk management and outsourcing risk management, business continuity management, and dynamically updated the scope of outsourcing activities, risk assessment guidelines, and admission conditions. The Bank has also launched a new round of business continuity impact analysis to optimise the business materiality level assessment model, and promote the stable and sustainable business operations.

10.6 Country risk

The Group is exposed to country risk, which represents the risk due to changes and incidents occurred in the economy, politics and society of a specific country or region, which results in the borrowers or debtors in that country or region incapable of or unwilling to pay their debts owed to the Group or otherwise leads to business losses or other losses to the Group in that country or region. The country risk results from the economic deterioration of a specific country or region, the political and social turmoil, the nationalization or expropriation of assets, the Government's refusal of debt redemption, the restriction of foreign currency, the currency depreciation, and so on.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

10 Financial risk management (*continued*)

10.6 Country risk (*continued*)

The country risk faced by the Group mainly arises from overseas credit business, bond investment, bill business, interbank financing, financial derivative trading, offshore leasing business, investment banking business, securities investment and establishment of overseas institutions.

Country risk management is included in the comprehensive risk management system of the Group and serves the objective of business strategy of the Bank. The Group manages and controls country risk through a number of tools including risk assessment and rating, limit setting, monitoring, improvement to review procedures, and formulation of policies to accrue country risk reserve.

10.7 Capital management

In managing capital, the Group enhances capital budget, capital configuration and evaluation management, optimize business structure, promote capital utilization efficiency and create value, based on meeting regulatory requirements and raising risk resistance ability.

Starting from 1 January 2024, the Group computes the capital adequacy ratios in accordance with The Capital Rules for Commercial Banks and other relevant regulations. The credit risk-weighted assets are measured using the weighting method. The risk weights for on-balance sheet assets are determined in accordance with Appendix 2 and Appendix 3 of The Capital Rules for Commercial Banks, taking into account the risk mitigation effect provided by qualified collateral or qualified guarantors. The off-balance sheet items are measured by multiplying the nominal amounts by the credit conversion factors to obtain the equivalent on-balance sheet assets, which are then treated in the same manner as on-balance sheet assets for risk-weighted assets computation. Market risk-weighted assets are calculated using the standardized approach. Operational risk-weighted assets are also calculated using the standardized approach.

The Group's capital adequacy ratios are calculated in accordance with The Capital Rules for Commercial Banks and other relevant regulations. For the Group, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio are 7.75%, 8.75%, and 10.75%, respectively. The Group's capital management, while meeting regulatory requirements and enhancing risk resilience, focuses on strengthening capital budgeting, allocation, and performance evaluation, optimizing business structure, improving capital efficiency, and creating value.

As of 30 June 2025, the Group's core tier-one capital adequacy ratio, tier-one capital adequacy ratio, and capital adequacy ratio all comply with the requirements of The Capital Rules for Commercial Banks and other relevant regulations. For more information on capital, please refer to the 2025 Interim Report on Pillar 3 Information Disclosure of China Minsheng Banking Corp., Ltd. in the section headed "Investors Relations – Announcements and Disclosures – Regulatory Capital" on the Bank's website (www.cmbc.com.cn).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1:

Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges.

Level 2:

The debt securities classified as level 2 are RMB bonds and foreign currency bonds. The fair value of RMB bonds is determined according to the valuation results of China Central Depository & Clearing Co., Ltd., and the fair value of foreign currency bonds is determined according to Bloomberg's valuation results. Other financial instruments classified as level 2 include derivative contracts, discounted bills and forfaiting, which are valued using discounted cash flow method and Blair-Scholes model, etc. All significant valuation parameters are obtained from observable market information.

Level 3:

Financial instruments classified as level 3 include equity instruments and debt instruments, whose valuation involves one or more significant unobservable inputs, mainly including right of trust benefit, non-listed equities, subordinated tranches of asset-backed securities, convertible bonds, and asset management plans, etc. The valuation techniques used include discounted cash flow method, market approach and income approach, etc. Unobservable inputs for valuation models include discount rates and discounts for lack of marketability (DLOM), etc.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments *(continued)*

11.1 Financial instruments recorded at fair value

The following tables show an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	30 June 2025			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
– Debt securities	–	171,763	2,050	173,813
– Equity investments	1,046	4,592	16,432	22,070
– Investment funds	79,701	71,469	1,587	152,757
– Trust and asset management plans	–	15,204	5,638	20,842
– Others	4,687	80	886	5,653
Financial assets at fair value through other comprehensive income				
– Debt securities	–	579,329	989	580,318
– Equity investments	67	1,528	6,224	7,819
Loans and advances to customers at fair value through other comprehensive income	–	143,649	–	143,649
Derivative financial assets				
– Foreign exchange derivatives	–	20,344	30	20,374
– Interest rate derivatives	–	1,362	–	1,362
– Precious metal derivatives	–	2,356	–	2,356
– Others	–	40	–	40
Total	85,501	1,011,716	33,836	1,131,053
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
– Foreign exchange derivatives	–	(20,167)	–	(20,167)
– Interest rate derivatives	–	(1,093)	–	(1,093)
– Precious metal derivatives	–	(10,181)	–	(10,181)
– Others	–	(2)	–	(2)
Financial liabilities at fair value through profit or loss	–	(68,626)	(18)	(68,644)
Total	–	(100,069)	(18)	(100,087)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments (continued)

11.1 Financial instruments recorded at fair value (continued)

	31 December 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets which are measured at fair value on a recurring basis:				
Financial assets at fair value through profit or loss				
– Debt securities	–	174,206	2,005	176,211
– Equity investments	1,020	1,655	14,561	17,236
– Investment funds	90,908	69,423	1,567	161,898
– Trust and asset management plans	–	12,603	5,651	18,254
– Others	2,807	101	950	3,858
Financial assets at fair value through other comprehensive income				
– Debt securities	–	532,060	875	532,935
– Equity investments	68	1,469	5,975	7,512
Loans and advances to customers at fair value through other comprehensive income	–	232,509	–	232,509
Derivative financial assets				
– Foreign exchange derivatives	–	26,568	–	26,568
– Interest rate derivatives	–	1,844	–	1,844
– Precious metal derivatives	–	1,839	–	1,839
– Others	–	32	–	32
Total	94,803	1,054,309	31,584	1,180,696
Liabilities				
Financial liabilities which are measured at fair value on a recurring basis:				
Derivative financial liabilities				
– Foreign exchange derivatives	–	(25,516)	(14)	(25,530)
– Interest rate derivatives	–	(687)	–	(687)
– Precious metal derivatives	–	(7,856)	–	(7,856)
– Others	–	–	–	–
Financial liabilities at fair value through profit or loss	–	(43,197)	(31)	(43,228)
Total	–	(77,256)	(45)	(77,301)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments *(continued)*

11.1 Financial instruments recorded at fair value *(continued)*

For equity instruments and debt instruments whose valuation involves one or more than one significant unobservable inputs, the fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

11.2 Movement in level 3 financial instruments measured at fair value

The following table shows the movement of level 3 financial instruments during the period:

	Six months ended 30 June 2025							
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Derivative financial assets	Total assets	Financial assets at fair value through profit or loss liabilities	Derivative financial liabilities	Total liabilities
		Debt securities	Equity securities					
As at 1 January 2025	24,734	875	5,975	-	31,584	31	14	45
Total gains/(losses)								
In profit or loss	4,391	(148)	-	-	4,243	-	-	-
In other comprehensive income	-	(144)	249	-	105	-	-	-
Purchase/transfer in	950	406	-	30	1,386	-	-	-
Settlement/transfer out	(3,482)	-	-	-	(3,482)	(13)	(14)	(27)
As at 30 June 2025	26,593	989	6,224	30	33,836	18	-	18
Total realised gains included in the consolidated statement of profit or loss	187	-	-	-	187	-	-	-
Total unrealised gains/(losses) included in the consolidated statement of profit or loss	4,204	(148)	-	-	4,056	-	-	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments (*continued*)

11.2 Movement in level 3 financial instruments measured at fair value (*continued*)

The following table shows the movement of level 3 financial instruments during the period (*continued*):

	Year ended 31 December 2024						
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Total assets	Financial assets at fair value through profit or loss liabilities	Derivative financial liabilities	Total liabilities
		Debt securities	Equity securities				
As at 1 January 2024	28,994	940	5,893	35,827	814	–	814
Total (losses)/gains							
In profit or loss	(2,216)	(126)	–	(2,342)	–	–	–
In other comprehensive income	–	(269)	82	(187)	–	–	–
Purchase/transfer in	1,309	360	–	1,669	–	14	14
Settlement/transfer out	(3,353)	(30)	–	(3,383)	(783)	–	(783)
As at 31 December 2024	24,734	875	5,975	31,584	31	14	45
Total realised gains included in the consolidated statement of profit or loss	330	–	–	330	–	–	–
Total unrealised losses included in the consolidated statement of profit or loss	(2,546)	(126)	–	(2,672)	–	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments *(continued)*

11.3 Fair value of financial assets and liabilities not carried at fair value

- (1) **Cash and balances with central bank, balances with banks and other financial institutions, placements with banks and other financial institutions, loans and advances to customers, long-term receivables, central bank deposits and placements from banks and other financial institutions, borrowings from banks and other financial institutions, deposits from customers and financial assets held under resale agreements and sold under repurchase agreements**

Given that these financial assets and financial liabilities mainly mature within a year or adopt floating interest rates, their book values approximate their fair values.

- (2) **Financial investments measured at amortised cost**

The fair values of financial investments measured at amortised cost are usually measured based on “bid” market prices or quotations of the brokers’/dealers. If relevant market information is not available, their fair value are based on quoted prices of security products with similar characteristics, such as credit risk, maturity and yield.

- (3) **Debt securities issued**

Fair values of debt securities issued are based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair values using the current market rates appropriate for debt securities with similar remaining maturities.

The following table summarises the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of financial assets measured at amortised and cost debt securities issued:

	30 June 2025				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	1,385,594	1,442,926	–	1,403,926	39,000
Financial liabilities					
Debt securities issued	1,049,973	1,037,996	–	1,037,996	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

11 Fair value of financial instruments (*continued*)

11.3 Fair value of financial assets and liabilities not carried at fair value (*continued*)

(3) Debt securities issued (*continued*)

31 December 2024					
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at amortised cost	1,480,798	1,529,949	–	1,488,791	41,158
Financial liabilities					
Debt securities issued	941,025	933,371	–	933,371	–

12 Subsequent events

Up to the approval date of the consolidated financial statements, the Group had no material subsequent events for disclosure.

13 Comparative figures

Certain comparative data has been restated to conform to the presentation and disclosure of the current period.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

1 Liquidity coverage ratio

	As at 30 June 2025	As at 31 December 2024
Liquidity coverage ratio (%) (RMB and foreign currency)	155.16	161.99
High Quality Liquid Assets	1,109,676	1,086,316
Net cash outflows in 30 days from the end of the reporting period	715,192	670,628

The above liquidity coverage ratio is calculated in accordance with the formula promulgated by the former CBIRC and based on the financial information prepared in accordance with PRC GAAP.

According to the Measures for the Management of Liquidity Risks of Commercial Banks, the liquidity coverage of commercial banks should reach 100% by the end of 2018.

2 Currency concentration

	30 June 2025			
	USD	HKD	Others	Total
Spot assets	360,100	55,361	77,054	492,515
Spot liabilities	(351,806)	(42,071)	(76,264)	(470,141)
Forward purchases	1,329,694	41,872	131,491	1,503,057
Forward sales	(1,321,735)	(43,726)	(133,563)	(1,499,024)
Net long/(short) position (a)	16,253	11,436	(1,282)	26,407

	31 December 2024			
	USD	HKD	Others	Total
Spot assets	339,053	53,218	80,582	472,853
Spot liabilities	333,634	38,422	41,689	413,745
Forward purchases	1,654,499	31,152	87,091	1,772,742
Forward sales	(1,326,716)	(42,178)	(124,125)	(1,493,019)
Net long/(short) position (a)	1,000,470	80,614	85,237	1,166,321

(a) The net position is calculated using the delta equivalent approach as required by the Hong Kong Monetary Authority.

The Group has no structural position in the reporting periods.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

3 Loans and advances to customers

3.1 Impaired loans by geographical area

	30 June 2025		31 December 2024	
	Impaired loans	Allowance for impairment losses	Impaired loans	Allowance for impairment losses
Head Office	17,976	15,896	17,204	15,409
Bohai Rim	27,622	12,916	28,479	12,591
Yangtze River Delta	13,292	5,171	12,411	4,748
Western Region	11,225	4,671	11,372	4,193
Pearl River Delta	7,388	2,712	6,838	2,473
Central Region	6,160	2,079	6,833	2,230
Northeastern Region	1,644	699	1,391	520
Overseas and subsidiaries	2,433	1,275	2,463	1,296
Total	87,740	45,419	86,991	43,460

3.2 Loans overdue for more than 3 months by geographical area

	30 June 2025		31 December 2024	
	Overdue loans	Allowance for impairment losses	Overdue loans	Allowance for impairment losses
Head Office	17,876	15,536	17,084	14,950
Bohai Rim	16,640	7,676	13,487	5,777
Western Region	10,225	4,283	9,448	3,617
Yangtze River Delta	12,348	4,767	10,850	3,679
Pearl River Delta	6,715	2,458	5,962	2,138
Central Region	4,537	1,577	5,088	1,694
Northeastern Region	1,349	565	1,081	393
Overseas and subsidiaries	2,385	1,092	2,393	1,262
Total	72,075	37,954	65,393	33,510

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the six months ended 30 June 2025
(Expressed in millions of Renminbi, unless otherwise stated)

4 International claims

	30 June 2025				
	Asia Pacific	North and South America	Europe	Other Locations	Total
Banks	72,802	9,470	23,511	6,319	112,102
Public sector	5,825	33,865	1,951	–	41,641
Non-bank private sector	150,196	104,493	21,428	13,405	289,522
Total	228,823	147,828	46,890	19,724	443,265

	31 December 2024				
	Asia Pacific	North and South America	Europe	Other Locations	Total
Banks	88,053	15,691	16,453	532	120,729
Public sector	2,965	13,734	–	137	16,836
Non-bank private sector	132,516	96,298	48,880	14,393	292,087
Total	223,534	125,723	65,333	15,062	429,652

