



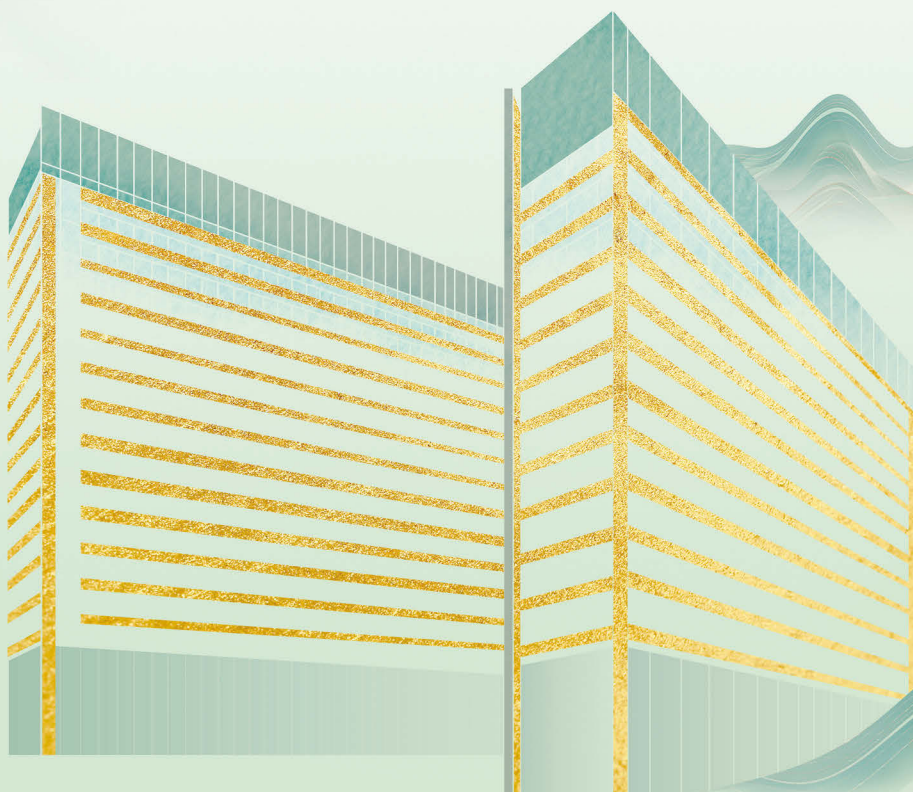
China Everbright Bank Company Limited

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

Stock Code: 6818

INTERIM REPORT

2025



Important Notice

The Board of Directors, Board of Supervisors and Directors, Supervisors and Senior Management of the Bank hereby warrant the authenticity, accuracy and completeness of the contents of this Report and that there are no false representations, misleading statements or material omissions, and jointly and severally assume full responsibility for the information in this Report.

The 30th Meeting of the Ninth Session of the Board of Directors of the Bank was convened in Beijing on 29 August 2025, at which the *2025 Interim Report* of the Bank was considered and approved. 16 out of 16 Directors attended this meeting. Some Supervisors were present at the meeting as non-voting attendees.

The financial statements of the Bank for the first half of 2025 were prepared in accordance with the PRC Generally Accepted Accounting Principles (“PRC GAAP”) and the International Financial Reporting Standards (“IFRS Accounting Standards”) and have been reviewed by KPMG Huazhen LLP and KPMG in accordance with Chinese and international standards on review engagements, respectively.

Chairman Mr. Wu Lijun, President Mr. Hao Cheng, Executive Vice President & CFO Ms. Liu Yan, and General Manager of Finance and Accounting Department of the Bank Mr. Lu Jian, hereby warrant the authenticity, accuracy and completeness of the financial statements in this Report.

Unless otherwise stated, all monetary sums stated in this Report are expressed in Renminbi/RMB.

As at the disclosure date of this Report, the Board of Directors of the Bank had not reviewed the profit distribution plan or the plan to convert capital reserves to share capital for the reporting period. The Bank plans to devise a specific interim profit distribution plan later, which will be implemented after completing relevant corporate governance procedures.

Forward-looking statements such as future plans of the Bank mentioned in this Report do not constitute actual commitments of the Bank to the investors. The investors and related parties should be fully aware of the risks, and should understand the difference between plans, predictions and commitments.

The Bank has disclosed herein major risks and proposed risk management measures accordingly. Please refer to the relevant contents in “Management Discussion and Analysis” for details.

In this Report, “the Bank”, “whole Bank” and “China Everbright Bank” all refer to China Everbright Bank Company Limited, and “the Group” refers to China Everbright Bank Company Limited and its subsidiaries.

**The Board of Directors of
China Everbright Bank Company Limited**
29 August 2025



Operating Overview

Operating performance (RMB million)



Operating income

65,951

Profit before tax

30,681

Net profit

24,741

Asset quality indicators (%)



NPL ratio

1.25

Loan provision ratio

2.15

Provision coverage ratio

172.47

Business scale (RMB million)



Total assets

7,238,591

Total liabilities

6,641,409

Total loans

4,084,070

Balance of deposits

4,253,182

Three North Star Metrics (RMB trillion)



Finance Product
Aggregate
(FPA)

5.41

Assets Under
Management
(AUM)

3.10

Gross Merchandise
Volume
(GMV)

1.74

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Definitions and Documents for Reference

I. DEFINITIONS

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

MOF	: Ministry of Finance of the People's Republic of China
PBOC	: The People's Bank of China
NFRA	: National Financial Regulatory Administration
The former CBIRC	: The former China Banking and Insurance Regulatory Commission
CSRC	: China Securities Regulatory Commission
CHI	: Central Huijin Investment Ltd.
CEG	: China Everbright Group Ltd.
SSE	: Shanghai Stock Exchange
HKEX	: Hong Kong Exchanges and Clearing Limited
SEHK	: The Stock Exchange of Hong Kong Limited
<i>Articles of Association of the Bank</i>	: <i>Articles of Association of China Everbright Bank Company Limited</i>
<i>Hong Kong Listing Rules</i>	: Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<i>Model Code</i>	: Appendix C3 to the <i>Hong Kong Listing Rules – The Model Code for Securities Transactions by Directors of Listed Issuers</i>
“Two New Actions”	: the large-scale renewal of equipment and the trade-in of consumer goods
“Two Major Initiatives”	: implementing major national strategies and building up security capacity in key areas
“Three Major Projects”	: constructing government-subsidized housing, renovating urban villages and building dual-use public infrastructure that can accommodate emergency needs
“Four Unremovals”	: poverty relief responsibilities, policies, support and oversight shall continue even after a county is removed from the poverty list

II. DOCUMENTS FOR REFERENCE

- i. Financial statements bearing the signatures and seals of Chairman, President, Executive Vice President & CFO and General Manager of Finance and Accounting Department of the Bank
- ii. The original auditor's report bearing the seals of the accounting firms and the signatures and seals of certified public accountants
- iii. The originals of documents and announcements of the Bank disclosed to the public during the reporting period
- iv. A share interim report and financial statements prepared in accordance with PRC GAAP published by the Bank on the SSE website during the reporting period

The originals of the aforesaid documents for reference shall be kept at the Office of the Board of Directors of the Bank.

Profile of the Bank

I. NAME OF THE BANK

Registered Chinese Company Name: 中國光大銀行股份有限公司 (Abbreviation: 中國光大銀行 or 光大銀行)
 Registered English Company Name: CHINA EVERBRIGHT BANK COMPANY LIMITED (Abbreviation: CEB BANK)

II. RELEVANT PERSONS

Legal Representative: Wu Lijun
 Authorized Representatives: Hao Cheng, Qu Liang
 Secretary to the Board of Directors: Zhang Xuyang
 Joint Company Secretaries: Zhang Xuyang, Lee Mei Yi
 Securities Affairs Representative: Zeng Wenxue

III. CONTACTS

Contact Address: China Everbright Center, No. 25 Taipingqiao Street, Xicheng District, Beijing
 Postal Code: 100033
 Tel: 86-10-63636363
 Fax: 86-10-63639066
 E-mail: IR@cebbank.com
 Investor Hotline: 86-10-63636388
 Customer Service Hotline & Customer Complaint Hotline: 95595

IV. CORPORATE INFORMATION

Office Address: China Everbright Center, No. 25 and No. 25 A Taipingqiao Street, Xicheng District, Beijing
 Registered Address and Its Change Records:
 1992-1995: 16/F, New Century Hotel Office Building, No. 6 Shoudutiyuguan South Road, Beijing
 1995-2012: Everbright Building, No. 6 Fuxingmenwai Street, Xicheng District, Beijing
 2012-today: China Everbright Center, No. 25 and No. 25 A Taipingqiao Street, Xicheng District, Beijing
 Website of the Bank: www.cebbank.com
 Uniform Social Credit Code: 91110000100011743X
 Code of Financial Authority: B0007H111000001
 Scope of Business: taking deposits from the public; granting short-term, medium-term and long-term loans; handling domestic and overseas settlement; handling bill acceptance and discount; issuing financial bonds; issuing, honoring and underwriting government bonds as an agent; trading government bonds and financial bonds; interbank borrowing and lending; trading foreign exchange proprietarily and as an agent; conducting bank card business; providing L/C services and guarantee; offering agency collection and payment and agency insurance services; offering safe deposit box services; and providing other businesses approved by the former CBIRC.

V. PRINCIPAL PLACE OF BUSINESS IN HONG KONG

CEB Hong Kong Branch: 23/F, Everbright Center, 108 Gloucester Road, Wan Chai, Hong Kong

Profile of the Bank

VI. WEBSITES AND NEWSPAPERS DESIGNATED FOR INFORMATION DISCLOSURE

Websites designated for publication of A share interim report: SSE's website: www.sse.com.cn
The Bank's website: www.cebbank.com
Newspapers designated for publication of A share interim report: *China Securities Journal*: www.cs.com.cn
Shanghai Securities News: www.cnstock.com
Securities Times: www.stcn.com
Securities Daily: www.zqrb.cn
Websites designated for publication of H share interim report: HKEXnews website: www.hkexnews.hk
The Bank's website: www.cebbank.com
Copies of this interim report are available at: Office of the Board of Directors of the Bank
Shanghai Stock Exchange

VII. STOCK EXCHANGES FOR LISTING OF SHARES

A Shares: Shanghai Stock Exchange (SSE)
Abbreviated Name of Ordinary Shares: Everbright Bank, Code: 601818
Abbreviated Name of Preference Shares: Everbright P1, Everbright P2, Everbright P3, Code: 360013, 360022, 360034 (SSE Comprehensive Business Platform)
H Shares: The Stock Exchange of Hong Kong Limited (SEHK)
Abbreviated Name: CEB Bank, Code: 6818

VIII. AUDITORS DURING THE REPORTING PERIOD

Domestic Auditor: KPMG Huazhen LLP
Office Address: 8/F, Office Tower E2, Oriental Plaza, No. 1 East Chang An Avenue, Beijing
Certified Public Accountants for Signature: Huang Aizhou, Ge Mingyi
Overseas Auditor: KPMG
Office Address: 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
Certified Public Accountant for Signature: Fong Hoi Wan

IX. LEGAL ADVISORS TO THE BOARD OF DIRECTORS DURING THE REPORTING PERIOD

A Share Legal Advisor: JunHe LLP
H Share Legal Advisor: Clifford Chance LLP

X. SECURITIES DEPOSITORY

A Share Ordinary Shares, Preference Shares Depository: Shanghai Branch, China Securities Depository and Clearing Corporation Limited
Office Address: No. 188 Yanggao South Road, Pudong New Area, Shanghai
H Share Registrar: Computershare Hong Kong Investor Services Limited
Office Address: Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong

Key Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND INDICATORS

Item	January-June 2025	January-June 2024	Change (%)	January-June 2023
Operating performance (RMB million)				
Net interest income	45,432	48,111	(5.57)	54,733
Net fee and commission income	10,443	10,533	(0.85)	13,445
Operating income	65,951	69,866	(5.60)	76,531
Operating expenses	(19,357)	(19,763)	(2.05)	(20,543)
Impairment losses on assets	(15,913)	(20,298)	(21.60)	(26,597)
Profit before tax	30,681	29,815	2.90	29,413
Net profit	24,741	24,610	0.53	24,219
Net profit attributable to shareholders of the Bank	24,622	24,487	0.55	24,072
Per share (in RMB)				
Basic earnings per share ¹	0.38	0.37	2.70	0.38
Diluted earnings per share ²	0.38	0.37	2.70	0.36

Item	30 June 2025	31 December 2024	Change (%)	31 December 2023
Net assets per share attributable to ordinary shareholders of the Bank ³	8.29	8.17	1.47	7.57
Scale indicators (RMB million)				
Total assets	7,238,591	6,959,021	4.02	6,772,796
Total loans and advances to customers	4,084,070	3,933,902	3.82	3,786,954
Provision for impairment of loans ⁴	87,556	88,582	(1.16)	85,371
Total liabilities	6,641,409	6,368,790	4.28	6,218,011
Deposits from customers	4,253,182	4,035,687	5.39	4,094,528
Total equity	597,182	590,231	1.18	554,785
Total equity attributable to shareholders of the Bank	594,534	587,700	1.16	552,391
Share capital	59,086	59,086	–	59,086

Item	January-June 2025	January-June 2024	Change	January-June 2023
Profitability indicators (%)				
Return on average total assets	0.70	0.73	-0.03 percentage point	0.74
Return on weighted average equity ⁵	9.13	9.51	-0.38 percentage point	10.14
Net interest spread	1.31	1.46	-0.15 percentage point	1.75
Net interest margin	1.40	1.54	-0.14 percentage point	1.82
Proportion of fee and net commission income in operating income	15.83	15.08	+0.75 percentage point	17.57
Cost-to-income ratio	28.10	27.03	+1.07 percentage points	25.65

Key Accounting Data and Financial Indicators

Item	30 June 2025	31 December 2024	Change	31 December 2023
Asset quality indicators (%)				
NPL ratio	1.25	1.25	—	1.25
Provision coverage ratio ⁶	172.47	180.59	-8.12 percentage points	181.27
Loan provision ratio ⁷	2.15	2.26	-0.11 percentage point	2.27

Notes:

1. Basic earnings per share = net profit attributable to ordinary shareholders of the Bank/weighted average number of ordinary shares outstanding; net profit attributable to ordinary shareholders of the Bank = net profit attributable to shareholders of the Bank – dividends of the preference shares and interest of non-fixed-term capital bonds declared during the period.

The Bank distributed total dividends of RMB2,406 million (tax included) for the preference shares during the first half of 2025.

2. Diluted earnings per share = (net profit attributable to ordinary shareholders of the Bank + effect of dilutive potential ordinary shares on net profit attributable to ordinary shareholders of the Bank)/(weighted average number of ordinary shares outstanding + weighted average number of potential dilutive ordinary shares converted into ordinary shares).
3. Net assets per share attributable to ordinary shareholders of the Bank = (net assets attributable to shareholders of the Bank – preference shares related portion of other equity instruments and non-fixed-term capital bonds)/total number of ordinary shares as at the end of the reporting period.
4. It only includes provision for impairment of loans measured at amortized cost.
5. Return on weighted average equity = net profit attributable to ordinary shareholders of the Bank/weighted average equity attributable to ordinary shareholders of the Bank. It was presented in annualized form.
6. Provision coverage ratio = (provision for impairment of loans measured at amortized cost + provision for impairment of loans at fair value through other comprehensive income)/balance of non-performing loans.
7. Loan provision ratio = (provision for impairment of loans measured at amortized cost + provision for impairment of loans at fair value through other comprehensive income)/total loans and advances to customers.

The above figures with notes 1, 2, 3 and 5 were calculated according to the *Compilation Rules for Information Disclosure by Companies that Offer Securities to the Public (No.9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share (2010 Revision)* issued by the CSRC.

II. SUPPLEMENTARY FINANCIAL INDICATORS

					Unit: %
Item		Standard value	30 June 2025	31 December 2024	31 December 2023
Liquidity ratio	RMB	≥25	77.46	83.42	76.71
	Foreign currencies	≥25	91.22	69.53	77.51
Percentage of loans to single largest customer		≤10	1.76	2.08	2.24
Percentage of loans to top ten customers		≤50	9.58	10.23	10.51

Note: The above indicators were calculated on a non-consolidated basis.

III. CAPITAL COMPOSITION AND CHANGES

The capital adequacy ratio (CAR) indicators calculated in accordance with the *Capital Rules for Commercial Banks* (Decree No. 4 of NFRA in 2023) are as follows:

Item	30 June 2025		31 December 2024	
	Consolidated ¹	Non-Consolidated	Consolidated ¹	Non-Consolidated ¹
Net capital ²	691,079	655,579	687,077	653,449
Common equity Tier 1 capital	490,882	471,258	483,973	466,431
Common equity Tier 1 capital deductions	(6,097)	(17,142)	(6,257)	(17,296)
Net common equity Tier 1 capital ²	484,785	454,116	477,716	449,135
Additional Tier 1 capital	105,067	104,899	105,056	104,899
Additional Tier 1 capital deductions	—	—	—	—
Net Tier 1 capital ²	589,852	559,015	582,772	554,034
Tier 2 capital	101,227	96,564	104,305	99,415
Tier 2 capital deductions	—	—	—	—
Credit risk-weighted assets	4,748,805	4,618,513	4,518,186	4,391,695
Market risk-weighted assets	90,741	88,328	79,291	73,948
Operational risk-weighted assets	266,744	254,582	265,643	254,582
Total risk-weighted assets	5,106,290	4,961,423	4,863,120	4,720,225
Common equity Tier 1 CAR	9.49	9.15	9.82	9.52
Tier 1 CAR	11.55	11.27	11.98	11.74
CAR	13.53	13.21	14.13	13.84

Notes:

1. All domestic and overseas branches, as well as invested financial institutions within the scope of consolidated management in accordance with the *Capital Rules for Commercial Banks*, shall be included in the calculation of the consolidated CARs. Among these, the invested financial institutions within the scope of consolidated management include Everbright Financial Leasing Co., Ltd., Everbright Wealth Management Co., Ltd., Beijing Sunshine Consumer Finance Co., Ltd., CEB International Investment Corporation Limited, China Everbright Bank (Europe) S.A., Shaoshan Everbright Rural Bank Co., Ltd., Jiangsu Huai'an Everbright Rural Bank Co., Ltd., and Jiangxi Ruijin Everbright Rural Bank Co., Ltd.
2. Net common equity Tier 1 capital = common equity Tier 1 capital – common equity Tier 1 capital deductions; net Tier 1 capital = net common equity Tier 1 capital + additional Tier 1 capital – additional Tier 1 capital deductions; net capital = net Tier 1 capital + Tier 2 capital – Tier 2 capital deductions.
3. The Group's capital adequacy ratios of all tiers of capital met the regulatory requirements for systemically important banks.
4. The Bank has disclosed the *Pillar 3 Disclosure Report for the First Half of 2025*. Please refer to the official website of the Bank for details.

Key Accounting Data and Financial Indicators

IV. LEVERAGE RATIO

The leverage ratio indicators calculated in accordance with the *Capital Rules for Commercial Banks* (Decree No. 4 of NFRA in 2023) are as follows:

Item	Unit: RMB million, %			
	30 June 2025	31 March 2025	31 December 2024	30 September 2024
Leverage ratio	7.14	7.00	7.28	7.29
Net Tier 1 capital	589,852	581,548	582,772	575,637
Adjusted balance of on- and off-balance-sheet assets	8,261,936	8,303,537	8,001,092	7,898,824

Note: The Group's leverage ratios met the regulatory requirements for systemically important banks.

V. LIQUIDITY COVERAGE RATIO

The liquidity coverage ratio indicators calculated in accordance with the *Measures for the Administration of Liquidity Risk of Commercial Banks* (Decree No. 3 of CBIRC in 2018) are as follows:

Item	Unit: RMB million, %			
	30 June 2025	31 March 2025	31 December 2024	30 September 2024
Liquidity coverage ratio	142.11	138.97	151.17	132.11
High quality liquid assets	1,027,335	1,051,504	1,021,575	931,504
Net cash outflow in the next 30 days	722,936	756,668	675,790	705,107

Note: All indicators of liquidity risk of the Group met regulatory requirements. There was no other additional regulatory requirement on liquidity to the Group by regulatory authorities.

VI. NET STABLE FUNDING RATIO

The net stable funding ratios calculated in accordance with the *Measures for the Information Disclosure Regarding Net Stable Funding Ratios of Commercial Banks* (CBIRC [2019] No. 11) are as follows:

Item	Unit: RMB million, %			
	30 June 2025	31 March 2025	31 December 2024	30 September 2024
Net stable funding ratio	107.20	108.39	108.76	108.93
Available stable funding	4,103,563	4,173,763	3,984,792	3,944,619
Required stable funding	3,828,008	3,850,807	3,663,764	3,621,377

Please refer to “Unaudited Supplementary Financial Information” for details of net stable funding ratio.

Management Discussion and Analysis

I. REVIEW OF MAIN WORK OF THE BANK

i. Serving the real economy with a focus on the five target areas of finance

The Bank firmly upheld that serving the real economy was both the starting point and the ultimate goal, striving to serve the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance with concrete efforts. As at the end of the reporting period, the Bank established “Technology Finance Centers” in 16 branches and created 64 specialized institutions for technology finance, with loans to tech firms rising by 9.88% as compared with the end of the previous year. The Bank made efforts to support the green and low-carbon transition of traditional industries, with green loans rising by 12.37% as compared with the end of the previous year. The Bank accelerated the construction of the “3+1+N” online inclusive finance product system, and expanded the “Credit +” service for micro and small enterprises (MSEs), with inclusive loans and agriculture-related loans rising by 3.95% and 9.18%, respectively, as compared with the end of the previous year. The Bank leveraged synergies to enhance service delivery, and continued to build pension finance brand, with loans to the elderly care industry rising by 29.95% as compared with the end of the previous year. The Bank promoted the application of AI technology, and continuously built differentiated competitive strengths in digital finance, with its “Everbright Cloud Fee Payment” platform maintaining the industry-leading position.

ii. Fulfilling its missions as a central financial SOE to implement a package of financial policies

The Bank proactively implemented a package of financial policies with effective outcomes, thereby serving China’s overall economic and social development. As at the end of the reporting period, the Bank made full use of various policy tools such as re-lending for tech innovation, equipment renewal, consumption and elderly care. The Bank issued its first batch of seven tech innovation bonds in China, and successfully launched the business of lending to support listed companies in stock repurchase and shareholding increase. The Bank rigorously provided financing for private enterprises and MSEs, and released the *CEB Action Plan to Serve Private Enterprises*. The medium- and long-term loans to the manufacturing industry and loans to strategic emerging industries increased by 7.61% and 19.11% respectively, as compared with the end of the previous year. The Bank implemented the MSE financing coordination mechanism, approving 33.4 thousand enterprises on the designated list and granting RMB213,469 million of loans. The Bank implemented the real estate financing coordination mechanism, approving 343 projects and granting RMB113,348 million of loans. The Bank developed consumer finance to boost consumption, created a tourism consumption brand titled Economical China Tour (“Yue Hui Zhong Guo”), and promoted innovation and procedure optimization for personal consumer loans.

iii. Fostering business features for differentiated competitive edges

The Bank built differentiated competitive edges through featured products and services to enhance sustainable development capabilities. The Bank enriched the supply of “Sunshine Wealth Management” and “Sunshine Gold Selection” products, strengthened retail customer base operation, and focused on building the “Sunshine Wealth” featured businesses. As at the end of the reporting period, the scale of assets under management (AUM) of wealth management products reached RMB1.8 trillion. Focusing on eight key livelihood areas, the Bank broadened service boundaries and developed a one-stop “finance + livelihood” service model, continuously expanding the leading advantage of its Cloud Fee Payment platform. The Bank maintained a solid market position in bond underwriting, sustained growth momentum in business matchmaking, equity financing and structured financing, and continued to build a featured brand of Everbright Investment Banking. The Bank strengthened cross-border financial services, and accelerated the rollout of standardized online products such as the “Core-dependent Supply Chain” and “Core-independent Supply Chain” to reinforce the competitive edges of transaction banking services. Under the premise of ensuring safety, the Bank flexibly adjusted portfolio trading strategies so as to enhance the profit contribution and healthy development of financial market business in a refined manner.

Management Discussion and Analysis

iv. Firmly safeguarding the red line of risks by continuously strengthening the safety barriers

The Bank earnestly implemented the requirements of strengthening supervision, preventing risks and promoting high-quality development by reinforcing the three lines of defense as one risk prevention and control system. Adhering to the principle of early risk identification, warning, exposure and resolution, the Bank established a multi-tiered risk defense mechanism to promptly mitigate and resolve risks through early-warning monitoring, mandatory response and large-amount risk penetrating management. The Bank focused on controlling risks in key areas such as retail credit, credit card, real estate and local government financing platforms. The Bank reasonably controlled customer concentration and continuously optimized business structure. The Bank placed emphasis on strengthening the prevention and control of overseas risks, enhanced emergency drills and stress testing, and intensified recovery and collection efforts to improve disposal efficiency.

II. DEVELOPMENT STRATEGY OF THE BANK

i. Mission and vision

Firmly committed to ensuring that the financial work is politically-oriented and can better represent the people, the Bank takes “wealth management for the society” as its corporate mission. The Bank stays true to its original aspiration with a focus on its core businesses, breaking new ground while upholding fundamental principles. Leveraging China Everbright Group’s strengths in comprehensive finance, industry-finance collaboration and cross-border operation, the Bank promotes the construction of an integrated financial ecosystem featuring “One Customer, One Everbright and One Service Package”, and shifts focus from managing its own balance sheets to assisting customers in improving their financial statements, providing first-class wealth management products and services for customers and the society. By investing more efforts in serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, the Bank strives to form its own distinct characteristics and competitive edges, acting as a principal force in serving the real economy and a ballast stone in safeguarding financial stability.

ii. Development approaches

The Bank upholds and strengthens the overall leadership of the Communist Party of China (CPC). Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank studies and implements the guiding principles of the 20th CPC National Congress and the Second and Third Plenary Sessions of the 20th CPC Central Committee, rigorously implements the decisions and deployments on the economic and financial work made by the CPC Central Committee, adheres to the overall tone of pursuing progress while ensuring stability, fully and faithfully applies the new development philosophy on all fronts, fully supports the building of a new development paradigm, and solidly advances high-quality development. Centering on the original mission of serving the real economy, the Bank strives to grasp the law of financial development for a new era, proactively addresses the low interest margin market environment, fully utilizes the policy opportunities in the new round of reform, improves the modern enterprise system with Chinese characteristics, and continuously enhances its core capabilities in customer service, integrated operation, technological support, personnel training, risk management and corporate governance. Through cost reduction, quality improvement and efficiency enhancement, the Bank unswervingly follows the path of financial development with Chinese characteristics. The Bank closely aligns the capabilities of Everbright with the needs of the country and the expectations of its people, cultivates and expands featured businesses, makes efforts to serve the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, and continuously meets the growing financial demands of socio-economic development and the people.

iii. Strategic implementation

During the reporting period, the Bank actively served the real economy and national strategies, expanded key business areas, strengthened capability building, and constantly improved core competitiveness, striving to promote high-quality and sustainable development.

First, the Bank made solid strides in serving the real economy and focused on serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance.

Leveraging its strengths in specialized operation, the Bank realized fast growth in loans to key sectors, including technology finance, green finance, inclusive finance, medium- to long-term manufacturing, strategic emerging industries and private enterprises through special supportive measures such as devising separate credit plans, giving preferential funds transfer pricing (FTP) basis points for key areas and weak links and offering capital cost discounts for key projects. In technology finance, the Bank continued to optimize the “1+16+100” technology finance specialized and delicate organization system, and built the “Five Excellences” supporting system featuring excellent services, products, ecosystems, industry research and digital intelligence, providing diversified financial services for tech firms. As at the end of the reporting period, the balance of loans to tech firms stood at RMB417,029 million, up RMB37,503 million or 9.88% as compared with the end of the previous year. In green finance, the Bank continuously advanced system development, product innovation and service enhancement, and improved the green finance product spectrum that consists of traditional credit products and innovative products, covering innovative offerings such as sustainability-linked, environmental right-based and future-income-right-based products and services. As at the end of the reporting period, the balance of green loans under the new statistic scope stood at RMB464,129 million, up RMB51,099 million or 12.37% as compared with the end of the previous year. In inclusive finance, the Bank deepened the implementation of the MSE financing coordination mechanism, strengthened the full-process risk control system for online inclusive loans, and developed the “3+1+N” series of online inclusive finance products to better meet the diversified financial needs of MSEs. As at the end of the reporting period, the balance of inclusive loans amounted to RMB452,660 million, up RMB17,217 million or 3.95% as compared with the end of the previous year. In pension finance, the Bank built the Sunshine Pension Premium (“He Guang Yi Xiang”) brand, and gradually formed two key features: an integrated service model combining finance, elderly care, healthcare and tourism, and a coordinated service model featuring banking, insurance and elderly care. The Bank established the first batch of 64 “Pension Finance Service Centers” to continuously support the development of the three-pillar pension security system, optimize both online and offline service experience, and actively provide financing to elderly care service institutions. As at the end of the reporting period, the Bank offered more than 830 pension finance products, and its online special zone of pension finance served customers for 2.6058 million person-times. In digital finance, the Bank fully leveraged advanced technologies such as big data, cloud computing and artificial intelligence to accelerate the whole-process transformation of key businesses towards online operation, mobile access, intelligent processing and ecosystem integration with a focus on building scenarios such as fee payment and financing. By getting deeply rooted in serving the real economy, the Bank steadily scaled up its digital finance business and continuously advanced high-quality development.

Second, the Bank optimized asset and liability management to enhance integrated operation efficiency. In terms of assets, the Bank refined its asset allocation structure, focused on key areas and competition fields, strengthened industry research, and refined marketing paradigms to bolster advantages in featured and specialized competitions. In terms of liabilities, the Bank adhered to a dynamic scale-quality balancing strategy, optimized the structure of deposit products, promoted the construction of four new growth drivers including cash management, entrusted payment, customer chain expansion and qualified special accounts, carried out campaigns to become the main investment bank and the settlement bank for customers, strengthened the collaboration of corporate banking and retail banking to advance agency payroll services, continuously improved its capacity of acquiring customers in batches and obtaining source funds, enhanced the refined management of deposit scale and quality, and facilitated retaining high-quality deposits.

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Third, the Bank consolidated customer base by continuously deepening customer group integrated operation.

In terms of corporate customer group management, the Bank practiced a stratified, grouped and tiered operation approach by formulating differentiated marketing strategies for strategic, potential and basic customer groups to enhance service quality and efficiency. In terms of retail customer group management, the Bank advanced batch customer expansion and business cross-marketing through collaboration between corporate banking and retail banking, enhanced online and offline integrated channel service capabilities, promoted digital empowerment and team building of professional wealth managers, and upgraded the “Sunshine +” membership benefit system to improve comprehensive customer service quality.

Fourth, the Bank insisted on breaking new ground while upholding fundamental principles with a focus on developing business features.

The Bank developed the technology finance business called “Sunshine Tech Innovation”, launched products such as Technology R&D Loan to meet the financing needs of enterprises at different development stages, and offered a full-life-cycle product system covering equity, credit, bond, custody and private banking products. The Bank rigorously developed the “Sunshine Wealth” business with functions such as “Sunshine Gold Self-selection Plan” and “Travel Wallet - Pay-As-You-Go”, realized 24/7 availability of cash products, and issued themed wealth management products including pension finance, inclusive finance, green finance and tech innovation. As at the end of the reporting period, the Bank realized an AUM of RMB1.8 trillion for wealth management products, maintained the industry-leading position of the “Cloud Fee Payment” platform, made efforts to build its digital finance scenario platform, and launched featured products such as Enterprise Administrative Management Service Platform (“Xin Yue Tong”). As at the end of the reporting period, the Bank’s Cloud Fee Payment platform cumulatively offered 18,858 fee payment service items, exported payment service items to 898 platforms, and served 1,609 million person-times. The Bank upgraded function construction of human resources, finance and administrative affairs on its Enterprise Administrative Management Service Platform (“Xin Yue Tong”), and developed a featured benefit module, serving a total of 34.3 thousand corporate customers. The Bank continued to grow the “Sunshine Investment Banking” business, implemented the strategy of “integration of commercial banking, investment banking and private banking”, and enhanced comprehensive financing service capabilities. During the first half of the year, the Bank underwrote RMB190,611 million of bonds and granted RMB16,623 million of M&A loans. The Bank constructed “Sunshine Transaction Banking” comprehensive financial ecosystem services to consolidate supply chain finance product system, increase value contribution of international settlement customers, and satisfy enterprises’ needs of digital upgrading and operation scenario settlement in terms of corporate fund management. As at the end of the reporting period, the number of supply chain finance customers reached 18,362. The Bank also advanced its “Sunshine Financial Market” business in line with the core development targets of “stable allocation, active trading, increased agency business and strengthened risk control”. The Bank optimized and strengthened its core investment capabilities and stimulated trading vitality in the market. Focusing on developing featured businesses, the Bank built differentiated competitive edges, with FPA (Finance Product Aggregate) totaling RMB5.41 trillion, AUM (Assets Under Management) totaling RMB3.10 trillion, and GMV (Gross Merchandise Volume) totaling RMB1.74 trillion.

Fifth, the Bank adhered to the compliance bottom line and continued to strengthen comprehensive risk control.

The Bank strengthened internal control and compliance management and improved the money laundering risk management system. The Bank deepened credit-granting industry research, and proactively empowered business development. The Bank continued to enhance loan concentration management, regularly carried out penetrative risk monitoring for large-amount credit customers, and advanced the mechanism of mandatory early-warning response to forestall new NPLs resolutely. The Bank strengthened the prevention and control of financial risks in key areas such as local government debts, real estate and credit cards. The Bank also advanced the transformation of special assets management and created a business ecosystem for special assets to dispose of non-performing assets with increased efforts.

Sixth, the Bank accelerated digital transformation to empower business development. The Bank emphasized the role of digital tools in driving business development and improving comprehensive customer service capabilities. The Bank kept empowering the scenario-based ecosystem with digital technology and established a digital scenario-based working mechanism of “value stratification, pattern classification and Head Office-branch coordination” to improve the efficiency of customer conversion via scenario traffic. The Bank also strengthened technology support capabilities by utilizing data elements and digital technologies to upgrade traditional productivity. The Bank actively engaged in the research on large model technology application in key business areas, and promoted the use of AI-generated intelligent reports across the Bank to enhance the efficiency and effectiveness of operation and management.

III. CORE COMPETITIVENESS OF THE BANK

First, the Bank has a strong shareholder background. CEG, as a large state-owned financial holding conglomerate jointly established by MOF and CHI, has a complete set of financial licenses and some characteristic industries including environmental protection, cultural tourism and healthcare, which demonstrates its advantages in comprehensive finance, industry-finance collaboration and cross-border operation. Relying on the platform of CEG, the Bank could provide a full package of financial services and promote finance-industry coordination.

Second, the Bank possesses an outstanding innovative gene. The Bank possesses a strong innovation-driven development philosophy, which is proven by the fact that it has launched RMB wealth management products as the first innovator among Chinese peers and it has built a leading open-ended convenient fee payment platform in China called Cloud Fee Payment.

Third, the Bank enjoys relatively strong brand advantages. The Bank precisely grasps development opportunities and strives to nurture competitive edges. The Bank has established relatively robust market strengths in areas including wealth management, asset management and comprehensive financial services, and gained certain market influence in bond underwriting, financial market investment and “Sunshine Government Treasury”.

Fourth, the Bank features a well-developed overseas network. The Bank has established six overseas branches in Hong Kong, Seoul, Luxembourg, Sydney, Macao and Melbourne, two subsidiaries, including CEB International Investment Corporation Limited and China Everbright Bank (Europe) S.A. and one representative office in Tokyo, amounting to nine overseas institutions. The Bank has basically formed an integrated overseas business network that covers both commercial banking and investment banking, as well as both branches and subsidiaries.

Fifth, the Bank operates in a steady manner. The Bank has always upheld a prudent risk management philosophy, persisted in stable business development strategies and taken compliant and lawful operation measures. The Bank’s comprehensive risk management strategies and techniques have become increasingly diversified. Meanwhile, its proactive and forward-looking risk management capabilities are constantly enhanced, which lays a foundation for long-term sustainable development.

Sixth, the Bank boasts a strong foundation for technological development. The Bank has continuously advanced in-depth integration between business and technology, dedicated efforts to creating a technology-led and data-driven IT development system with Everbright characteristics, and accelerated digital transformation across the whole Bank, with both the foundation for technology and its capability to empower business development constantly enhanced. The Bank’s technology-enabled hit products have won market recognition including Enterprise Administrative Management Service Platform (“Xin Yue Tong”), Sunshine Inclusive Finance Cloud (“Yang Guang Pu Hui Yun”), Sunshine E-financing Chain (“Yang Guang Rong e Lian”), Sunshine Logistics Express (“Wu Liu Tong”) and Sunshine Fast Loan (“Guang Su Dai”).

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IV. OVERALL OPERATIONS OF THE BANK

i. Business scale grew steadily.

As at the end of the reporting period, the Group's total assets reached RMB7,238,591 million, an increase of RMB279,570 million or 4.02% as compared with the end of the previous year. Total loans and advances to customers stood at RMB4,084,070 million, an increase of RMB150,168 million or 3.82% as compared with the end of the previous year. The balance of deposits amounted to RMB4,253,182 million, an increase of RMB217,495 million or 5.39% as compared with the end of the previous year.

ii. Profitability improved steadily.

During the reporting period, the Group's operating income stood at RMB65,951 million, a year-on-year decrease of 5.60%. As for the subcategories, net interest income amounted to RMB45,432 million, a year-on-year decrease of 5.57% and net fee and commission income stood at RMB10,443 million, a year-on-year decrease of 0.85%. Other income stood at RMB10,076 million, a year-on-year decrease of 10.21%. The Group realized a net profit of RMB24,741 million, a year-on-year increase of 0.53%.

iii. Asset quality remained stable and controllable.

As at the end of the reporting period, the Group's NPL balance stood at RMB50,915 million, an increase of RMB1,663 million from the end of the previous year. The NPL ratio was 1.25%, unchanged from the end of the previous year. The provision coverage ratio was 172.47%, down 8.12 percentage points from the end of the previous year. The loan provision ratio was 2.15%, down 0.11 percentage point from the end of the previous year.

iv. CAR ratios met regulatory requirements constantly.

As at the end of the reporting period, the Group's net capital stood at RMB691,079 million, an increase of RMB4,002 million as compared with the end of the previous year. The CAR, Tier 1 CAR and common equity Tier 1 CAR stood at 13.53%, 11.55% and 9.49% respectively, all of which met regulatory requirements.

V. MAIN ITEMS OF INCOME STATEMENT

i. Changes in income statement items

Unit: RMB million

Item	January-June 2025	January-June 2024	Change
Net interest income	45,432	48,111	(2,679)
Net fee and commission income	10,443	10,533	(90)
Net trading gains	803	1,685	(882)
Net gains arising from investment securities	5,693	8,488	(2,795)
Net gains on derecognition of financial assets measured at amortized cost	1,974	140	1,834
Net foreign exchange gains/(losses)	710	(6)	716
Other net operating income	896	915	(19)
Operating expenses	19,357	19,763	(406)
Impairment losses on credit assets	15,902	20,255	(4,353)
Impairment losses on other assets	11	43	(32)
Gains on investments in joint ventures	—	10	(10)
Profit before tax	30,681	29,815	866
Income tax	5,940	5,205	735
Net profit	24,741	24,610	131
Net profit attributable to shareholders of the Bank	24,622	24,487	135

ii. Operating income

During the reporting period, the Group realized an operating income of RMB65,951 million, a year-on-year decrease of RMB3,915 million or 5.60%. Net interest income accounted for 68.89% of the total, up 0.03 percentage point year on year. Net fee and commission income accounted for 15.83% of the total, up 0.75 percentage point year on year.

Item	Unit: %	
	January-June 2025	January-June 2024
Proportion of net interest income	68.89	68.86
Proportion of net fee and commission income	15.83	15.08
Proportion of other income	15.28	16.06
Total operating income	100.00	100.00

iii. Net interest income

During the reporting period, the Group realized a net interest income of RMB45,432 million, a year-on-year decrease of RMB2,679 million or 5.57%.

The Group's net interest spread was 1.31%, a year-on-year decrease of 15 bps. Net interest margin was 1.40%, a year-on-year decrease of 14 bps. Such changes were mainly due to factors such as the downward adjustments of LPR and the adjustments of the interest rates for existing housing mortgage loans.

Item	Unit: RMB million, %					
	January-June 2025			January-June 2024		
	Average balance	Interest income/expense	Average yield to cost ratio	Average balance	Interest income/expense	Average yield to cost ratio
Interest-earning assets						
Loans and advances to customers	4,046,482	74,043	3.69	3,855,290	83,509	4.36
Finance lease receivables	96,710	1,985	4.14	95,616	2,403	5.05
Investments	1,865,513	26,846	2.90	1,768,453	28,246	3.21
Deposits with the central bank	267,848	1,942	1.46	293,644	2,149	1.47
Placements and deposits with banks and other financial institutions, and financial assets held under resale agreements	278,181	2,780	2.02	255,040	3,209	2.53
Total interest-earning assets	6,554,734	107,596	3.31	6,268,043	119,516	3.83
Interest income		107,596			119,516	
Interest-bearing liabilities						
Deposits from customers	4,073,084	38,687	1.92	3,984,996	44,830	2.26
Placements and deposits from banks and other financial institutions, and financial assets sold under repurchase agreements	998,731	10,092	2.04	914,256	11,785	2.59
Debt securities issued	1,211,562	13,385	2.23	1,163,350	14,790	2.56
Total interest-bearing liabilities	6,283,377	62,164	2.00	6,062,602	71,405	2.37
Interest expenses		62,164			71,405	
Net interest income		45,432			48,111	
Net interest spread¹			1.31			1.46
Net interest margin²			1.40			1.54

Notes:

1. Net interest spread is the difference between the average yield of total interest-earning assets and the average cost of total interest-bearing liabilities.
2. Net interest margin is the net interest income divided by the average balance of total interest-earning assets. It was presented in annualized form.

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The following table sets forth the changes in interest income and interest expenses of the Group due to changes in business scale and interest rate:

Unit: RMB million

Item	Scale factor	Interest rate factor	Change in interest
Loans and advances to customers	4,141	(13,607)	(9,466)
Finance lease receivables	27	(445)	(418)
Investments	1,550	(2,950)	(1,400)
Deposits with the central bank	(189)	(18)	(207)
Placements and deposits with banks and other financial institutions, and financial assets held under resale agreements	291	(720)	(429)
Change in interest income	5,820	(17,740)	(11,920)
Deposits from customers	991	(7,134)	(6,143)
Placements and deposits from banks and other financial institutions, and financial assets sold under repurchase agreements	1,089	(2,782)	(1,693)
Debt securities issued	613	(2,018)	(1,405)
Change in interest expenses	2,693	(11,934)	(9,241)
Net interest income	3,127	(5,806)	(2,679)

iv. Interest income

During the reporting period, the Group realized an interest income of RMB107,596 million, a year-on-year decrease of RMB11,920 million or 9.97%. Such change was mainly due to the declining interest income from loans and advances to customers.

1. Interest income from loans and advances to customers

During the reporting period, the Group's interest income from loans and advances to customers stood at RMB74,043 million, a year-on-year decrease of RMB9,466 million or 11.34%. Such change was mainly due to the decline in loan yield.

Unit: RMB million, %

Item	January-June 2025			January-June 2024		
	Average balance	Interest income	Average yield ratio	Average balance	Interest income	Average yield ratio
Corporate loans	2,433,221	41,093	3.41	2,244,755	44,123	3.95
Personal loans	1,488,994	32,404	4.39	1,507,227	38,652	5.16
Discounted bills	124,267	546	0.89	103,308	734	1.43
Loans and advances to customers	4,046,482	74,043	3.69	3,855,290	83,509	4.36

2. Interest income from investments

During the reporting period, the Group's interest income from investments amounted to RMB26,846 million, a year-on-year decrease of RMB1,400 million or 4.96%. Such change was mainly due to the decline in investment yield.

3. Interest income from placements and deposits with banks and other financial institutions and financial assets held under resale agreements

During the reporting period, the Group's interest income from placements and deposits with banks and other financial institutions and financial assets held under resale agreements was RMB2,780 million, a year-on-year decrease of RMB429 million or 13.37%. Such change was mainly due to the decline in the yield of placements with banks and other financial institutions.

v. Interest expense

During the reporting period, the Group's interest expense amounted to RMB62,164 million, a year-on-year decrease of RMB9,241 million or 12.94%. Such change was mainly due to the declining interest expenses on deposits from customers.

1. Interest expense on deposits from customers

During the reporting period, the Group's interest expense on deposits from customers reached RMB38,687 million, a year-on-year decrease of RMB6,143 million or 13.70%. Such change was mainly due to the decrease in the interest rates of customer deposits.

Unit: RMB million, %

Item	January-June 2025			January-June 2024		
	Average balance	Interest expenses	Average cost ratio	Average balance	Interest expenses	Average cost ratio
Corporate deposits	2,747,839	26,024	1.91	2,756,866	31,083	2.27
Demand deposits	747,533	2,546	0.69	1,011,485	7,244	1.44
Time deposits	2,000,306	23,478	2.37	1,745,381	23,839	2.75
Personal deposits	1,325,245	12,663	1.93	1,228,130	13,747	2.25
Demand deposits	295,443	280	0.19	257,001	416	0.33
Time deposits	1,029,802	12,383	2.42	971,129	13,331	2.76
Total deposits from customers	4,073,084	38,687	1.92	3,984,996	44,830	2.26

2. Interest expense on placements and deposits from banks and other financial institutions and financial assets sold under repurchase agreements

During the reporting period, the Group's interest expense on placements and deposits from banks and other financial institutions and financial assets sold under repurchase agreements totaled RMB10,092 million, a year-on-year decrease of RMB1,693 million or 14.37%. Such change was mainly due to the decline in the interest rates for placements from banks and other financial institutions and due from banks.

3. Interest expense on debt securities issued

During the reporting period, the Group's interest expense on debt securities issued totaled RMB13,385 million, a year-on-year decrease of RMB1,405 million or 9.50%. Such change was mainly due to the decrease in the interest rates of debt securities issued.

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vi. Net fee and commission income

During the reporting period, the Group's net fee and commission income stood at RMB10,443 million, a year-on-year decrease of RMB90 million or 0.85%. Such change was mainly due to the decrease in the bank card service fees.

Item	Unit: RMB million	
	January-June 2025	January-June 2024
Fee and commission income	11,812	11,849
Bank card service fees	3,686	4,247
Wealth management service fees	2,364	1,986
Settlement and clearing fees	2,274	2,020
Custody and other fiduciary business fees	1,133	1,046
Agency service fees	1,046	1,168
Underwriting and advisory fees	672	668
Acceptance and guarantee fees	628	704
Others	9	10
Fee and commission expenses	(1,369)	(1,316)
Net fee and commission income	10,443	10,533

vii. Other income

During the reporting period, the Group's other income reached RMB10,076 million, a year-on-year decrease of RMB1,146 million or 10.21%. Such change was mainly due to the decrease in net gains arising from investment securities.

Item	Unit: RMB million	
	January-June 2025	January-June 2024
Net trading gains	803	1,685
Net gains arising from investment securities	5,693	8,488
Net gains from derecognition of financial assets measured at amortized cost	1,974	140
Net foreign exchange gains/(losses)	710	(6)
Other operating income	896	915
Total other income	10,076	11,222

viii. Operating expenses

During the reporting period, the Group's operating expenses totaled RMB19,357 million, a year-on-year decrease of RMB406 million or 2.05%. The cost-to-income ratio stood at 28.10%, a year-on-year increase of 1.07 percentage points.

Item	Unit: RMB million	
	January-June 2025	January-June 2024
Staff remuneration costs	10,494	10,716
Premises and equipment expenses	3,894	3,814
Tax and surcharges	822	877
Others	4,147	4,356
Total operating expenses	19,357	19,763

ix. Impairment losses on assets

During the reporting period, the Group sustained impairment losses on assets totaled RMB15,913 million, a year-on-year decrease of RMB4,385 million or 21.60%. Such change was mainly due to the decrease in impairment losses on loans and advances to customers.

Item	Unit: RMB million	
	January-June 2025	January-June 2024
Impairment losses on loans and advances to customers	15,399	19,138
Loans and advances to customers measured at amortized cost	15,501	19,504
Loans and advances to customers at fair value through other comprehensive income	(102)	(366)
Debt instruments at fair value through other comprehensive income	353	(95)
Financial investments measured at amortized cost	(940)	1,139
Impairment losses on finance lease receivables	(150)	70
Others	1,251	46
Total impairment losses on assets	15,913	20,298

x. Income tax expenses

During the reporting period, the Group's income tax expenses totaled RMB5,940 million, a year-on-year increase of RMB735 million or 14.12%.

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VI. MAIN ITEMS OF BALANCE SHEET

i. Assets

As at the end of the reporting period, the Group's total assets stood at RMB7,238,591 million, an increase of RMB279,570 million or 4.02% as compared with the end of the previous year. Such change was mainly due to the increase in loans and advances to customers.

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Total loans and advances to customers	4,084,070		3,933,902	
Accrued interest on loans	12,090		12,373	
Provision for impairment of loans	(87,556)		(88,582)	
Net loans and advances to customers	4,008,604	55.38	3,857,693	55.43
Finance lease receivables	87,645	1.21	94,781	1.36
Due from banks and other financial institutions	118,231	1.63	47,767	0.69
Cash and due from central bank	315,987	4.37	283,266	4.07
Investment in securities and other financial assets	2,344,024	32.38	2,242,546	32.23
Precious metals	3,933	0.05	6,788	0.10
Placements with banks and other financial institutions, and financial assets held under resale agreements	210,808	2.91	297,867	4.28
Property and equipment	30,836	0.43	28,506	0.41
Right-of-use assets	9,823	0.14	10,321	0.15
Goodwill	1,281	0.02	1,281	0.02
Deferred tax assets	35,992	0.49	31,358	0.44
Other assets	71,427	0.99	56,847	0.82
Total assets	7,238,591	100.00	6,959,021	100.00

Note: Provision for impairment of loans only includes the provision measured at amortized cost.

1. Loans and advances to customers

As at the end of the reporting period, the Group's total loans and advances to customers reached RMB4,084,070 million, an increase of RMB150,168 million or 3.82% as compared with the end of the previous year. The proportion of loans and advances to customers in total assets was 56.42%, a decrease of 0.11 percentage point as compared with the end of the previous year.

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Corporate loans	2,495,109	61.09	2,297,559	58.41
Personal loans	1,495,962	36.63	1,482,419	37.68
Discounted bills	92,999	2.28	153,924	3.91
Total loans and advances to customers	4,084,070	100.00	3,933,902	100.00

2. Investment in securities and other financial assets

As at the end of the reporting period, the Group's investment in securities and other financial assets stood at RMB2,344,024 million, an increase of RMB101,478 million as compared with the end of the previous year, accounting for 32.38% of the total assets, up 0.15 percentage point as compared with the end of the previous year.

Unit: RMB million, %

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Financial assets at fair value through profit or loss	446,065	19.03	443,106	19.76
Derivative financial assets	10,784	0.46	33,797	1.51
Debt instruments at fair value through other comprehensive income	749,056	31.96	600,404	26.77
Financial investments measured at amortized cost	1,136,976	48.50	1,164,099	51.91
Equity instruments at fair value through other comprehensive income	1,143	0.05	1,140	0.05
Total investments in securities and other financial assets	2,344,024	100.00	2,242,546	100.00

3. Types and amounts of financial bonds held

As at the end of the reporting period, the financial bonds held by the Group amounted to RMB548,441 million, a decrease of RMB41,476 million as compared with the end of the previous year. Of these, the financial bonds measured at amortized cost occupied a proportion of 51.34% in total.

Unit: RMB million, %

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Financial assets at fair value through profit or loss	43,289	7.89	75,959	12.88
Financial investments measured at amortized cost	281,595	51.34	354,478	60.09
Debt instruments at fair value through other comprehensive income	223,557	40.77	159,480	27.03
Total financial bonds held	548,441	100.00	589,917	100.00

4. Top 10 financial bonds held in nominal value

Unit: RMB million, %

Name of bond	Nominal value	Annual interest rate	Maturity date	Allowance for impairment losses
Bond 1	21,022	4.04	2027-04-10	—
Bond 2	18,790	4.24	2027-08-24	—
Bond 3	18,150	3.05	2026-08-25	—
Bond 4	14,930	4.39	2027-09-08	—
Bond 5	12,960	3.18	2026-04-05	—
Bond 6	12,480	3.86	2029-05-20	—
Bond 7	12,447	4.04	2028-07-06	—
Bond 8	12,140	4.65	2028-05-11	—
Bond 9	10,340	3.63	2026-07-19	—
Bond 10	9,791	1.80	2035-04-02	—

Note: The allowance for impairment losses in the table refers to that of stage 2 and stage 3, excluding that of stage 1.

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5. Goodwill

The cost of the Group's goodwill stood at RMB6,019 million. As at the end of the reporting period, the allowance for impairment losses on goodwill was RMB4,738 million, and the book value of goodwill registered RMB1,281 million, on par with that as at the end of the previous year.

6. For details about the collateralized assets of the Bank as at the end of the reporting period, please refer to "Notes to the Unaudited Condensed Consolidated Financial Statements".

ii. Liabilities

As at the end of the reporting period, the Group's total liabilities stood at RMB6,641,409 million, an increase of RMB272,619 million or 4.28% as compared with the end of the previous year, mainly due to the increase in customer deposits.

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Due to the central bank	163,434	2.46	95,633	1.50
Deposits from customers	4,253,182	64.04	4,035,687	63.37
Deposits from banks and other financial institutions	518,155	7.80	581,536	9.13
Placements from banks and other financial institutions	168,681	2.54	216,562	3.40
Derivative financial liabilities	12,305	0.19	32,448	0.51
Financial assets sold under repurchase agreements	192,865	2.90	75,793	1.19
Accrued staff costs	20,460	0.31	21,895	0.34
Taxes payable	5,496	0.08	4,758	0.07
Lease liabilities	10,040	0.15	10,412	0.16
Debt securities payable	1,217,020	18.33	1,231,112	19.33
Other liabilities	79,771	1.20	62,954	1.00
Total liabilities	6,641,409	100.00	6,368,790	100.00

Unit: RMB million, %

As at the end of the reporting period, the balance of the Group's deposits from customers stood at RMB4,253,182 million, an increase of RMB217,495 million or 5.39% as compared with the end of the previous year.

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Corporate deposits	2,409,376	56.65	2,220,499	55.03
Demand deposits	818,532	19.25	760,979	18.86
Time deposits	1,590,844	37.40	1,459,520	36.17
Personal deposits	1,341,762	31.55	1,278,375	31.67
Demand deposits	311,832	7.33	301,162	7.46
Time deposits	1,029,930	24.22	977,213	24.21
Margin deposits	424,113	9.97	458,063	11.35
Corporate	415,422	9.77	447,641	11.09
Personal	8,691	0.20	10,422	0.26
Other deposits	1,058	0.02	591	0.01
Accrued interest	76,873	1.81	78,159	1.94
Total deposits from customers	4,253,182	100.00	4,035,687	100.00

Unit: RMB million, %

iii. Equity of shareholders

As at the end of the reporting period, the Group's equity attributable to shareholders of the Bank stood at RMB594,534 million, an increase of RMB6,834 million as compared with the end of the previous year, mainly due to the increase in undistributed profits in the current period.

Item	Unit: RMB million	
	30 June 2025	31 December 2024
Share capital	59,086	59,086
Other equity instruments	104,899	104,899
Capital reserve	74,473	74,473
Other comprehensive income	6,676	10,891
Surplus reserve	29,543	29,543
General risk reserve	90,052	89,891
Retained earnings	229,805	218,917
Total equity attributable to shareholders of the Bank	594,534	587,700
Equity of minority shareholders	2,648	2,531
Total equity	597,182	590,231

iv. Off-balance-sheet items

The Group's off-balance-sheet items are mainly credit commitments, including loans and credit card commitments, bank's acceptance bills, letters of guarantee, letters of credit and guarantees. As at the end of the reporting period, the total amount of credit commitments was RMB1,592,433 million, an increase of RMB21,608 million as compared with the end of the previous year.

Item	Unit: RMB million	
	30 June 2025	31 December 2024
Loans and credit card commitments	646,404	600,883
Bank's acceptance bills	643,440	683,870
Letters of guarantee	114,128	119,730
Letters of credit	188,281	166,162
Guarantees	180	180
Total credit commitments	1,592,433	1,570,825

VII. CASH FLOWS

The Group's net cash inflows from operating activities amounted to RMB212,285 million, of which cash inflows from operating activities reached RMB31,579 million, cash outflows arising from changes in operating assets stood at RMB114,442 million, and cash inflows arising from changes in operating liabilities totaled RMB295,148 million.

The Group's net cash outflows from investing activities amounted to RMB78,461million, of which cash inflows arising from disposal and redemption of investments stood at RMB651,983 million and cash outflows arising from investment payments registered RMB762,637 million.

The Group's net cash outflows from financing activities were RMB37,424 million, of which net proceeds from bond issuance posted RMB499,726 million and cash outflows arising from principal repayment of debt securities registered RMB514,094 million.

Management Discussion and Analysis

VIII. LOAN QUALITY

i. Industry concentration of loans

Unit: RMB million, %

Industry	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Manufacturing	566,387	22.70	517,263	22.51
Leasing and commercial services	428,089	17.16	377,167	16.42
Water, environment and public utility management	351,587	14.09	336,892	14.66
Wholesale and retail trade	211,629	8.48	182,122	7.93
Real estate	165,022	6.61	157,688	6.86
Construction	160,709	6.44	160,791	7.00
Transportation, storage and postal services	147,471	5.91	136,520	5.94
Finance	121,527	4.87	113,392	4.94
Production and supply of power, gas and water	113,660	4.56	100,044	4.35
Mining	60,311	2.42	54,448	2.37
Others	168,717	6.76	161,232	7.02
Subtotal of corporate loans	2,495,109	100.00	2,297,559	100.00
Retail loans	1,495,962		1,482,419	
Discounted bills	92,999		153,924	
Total loans and advances to customers	4,084,070		3,933,902	

Note: "Others" includes agriculture, forestry, animal husbandry and fishery; accommodation and catering; public administration and social organization; information transmission, computer services and software; health, social security and social welfare; resident services and other services; scientific research, technical services and geological prospecting; culture, sports and recreation; and education.

ii. Distribution of loans by region

Unit: RMB million, %

Region	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Yangtze River Delta	1,042,107	25.52	981,383	24.95
Central China	699,177	17.12	678,006	17.23
Pearl River Delta	635,110	15.55	618,232	15.72
Bohai Rim	611,151	14.96	577,265	14.67
Western China	505,147	12.37	485,466	12.34
Northeastern China	92,204	2.26	94,754	2.41
Head Office	371,972	9.11	375,410	9.54
Overseas	127,202	3.11	123,386	3.14
Total loans and advances to customers	4,084,070	100.00	3,933,902	100.00

iii. Types and proportions of loans by collateral

Unit: RMB million, %

Type	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Unsecured loans	1,528,922	37.44	1,392,798	35.40
Guaranteed loans	946,344	23.17	854,652	21.73
Mortgage loans	1,403,014	34.35	1,409,879	35.84
Pledged loans	205,790	5.04	276,573	7.03
Total loans and advances to customers	4,084,070	100.00	3,933,902	100.00

iv. Top ten loan customers

Unit: RMB million, %

Name	Industry	Balance of loans as at 30 June 2025	Proportion in total loans and advances	Proportion in net capital ¹
Borrower 1	Transportation, storage and postal services	12,071	0.30	1.76
Borrower 2	Leasing and commercial services	8,298	0.20	1.20
Borrower 3	Manufacturing	7,670	0.19	1.11
Borrower 4	Real estate	6,776	0.17	0.98
Borrower 5	Manufacturing	6,696	0.16	0.97
Borrower 6	Mining	5,300	0.13	0.77
Borrower 7 ²	Leasing and commercial services	5,000	0.12	0.72
Borrower 8	Leasing and commercial services	4,999	0.12	0.72
Borrower 9 ²	Leasing and commercial services	4,799	0.12	0.69
Borrower 10	Construction	4,583	0.11	0.66
Total		66,192	1.62	9.58

Notes:

1. The proportion of balance of loans in net capital is calculated according to the requirements of NFRA.
2. Borrower 7 and Borrower 9 are related parties of the Bank and therefore their transactions with the Bank constitute related party transactions.

Management Discussion and Analysis

v. Five-category loan classification

Unit: RMB million, %

Type	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Normal loans	3,959,819	96.95	3,812,286	96.91
Special mention loans	73,336	1.80	72,364	1.84
Substandard loans	18,835	0.47	21,088	0.53
Doubtful loans	17,213	0.42	15,335	0.39
Loss loans	14,867	0.36	12,829	0.33
Total loans and advances to customers	4,084,070	100.00	3,933,902	100.00
Performing loans	4,033,155	98.75	3,884,650	98.75
Non-performing loans	50,915	1.25	49,252	1.25

Note: Performing loans comprise of normal loans and special mention loans, and non-performing loans comprise of substandard loans, doubtful loans and loss loans.

vi. Loan migration ratio

Unit: %

Item	30 June 2025	31 December 2024	Change over the end of the previous year
Migration ratio of normal loans	1.11	1.80	-0.69 percentage point
Migration ratio of special mention loans	11.31	15.30	-3.99 percentage points
Migration ratio of substandard loans	64.17	74.61	-10.44 percentage points
Migration ratio of doubtful loans	27.25	41.53	-14.28 percentage points

vii. Restructured loans and overdue loans

1. Restructured loans

Unit: RMB million, %

Type	30 June 2025		31 December 2024	
	Balance	Proportion of loans and advances in total principal	Balance	Proportion of loans and advances in total principal
Restructured loans and advances to customers	24,684	0.60	21,959	0.56
Restructured loans and advances to customers overdue for more than 90 days	1,094	0.03	776	0.02

2. Overdue loans

Unit: RMB million, %

Item	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Overdue within 3 months	33,759	42.47	35,507	44.77
Overdue from 3 months up to 1 year	22,348	28.12	23,680	29.86
Overdue from 1 year up to 3 years	17,563	22.10	14,842	18.71
Overdue for more than 3 years	5,813	7.31	5,278	6.66
Total principal of overdue loans	79,483	100.00	79,307	100.00

viii. NPLs by business type

Unit: RMB million, %

Type	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Corporate loans	30,309	59.53	28,482	57.83
Retail loans	20,606	40.47	20,770	42.17
Discounted bills	—	—	—	—
Total NPLs	50,915	100.00	49,252	100.00

ix. Distribution of NPLs by region

Unit: RMB million, %

Region	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Pearl River Delta	11,199	22.00	9,867	20.03
Central China	7,097	13.94	7,127	14.47
Yangtze River Delta	6,935	13.62	6,904	14.02
Bohai Rim	5,494	10.79	5,221	10.60
Western China	4,592	9.02	4,446	9.03
Northeastern China	4,295	8.44	4,235	8.60
Head Office	8,322	16.34	8,616	17.49
Overseas	2,981	5.85	2,836	5.76
Total NPLs	50,915	100.00	49,252	100.00

Management Discussion and Analysis

x. Distribution of NPLs by industry

Unit: RMB million, %

Industry	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Real estate	7,413	14.56	6,744	13.70
Manufacturing	6,958	13.67	6,612	13.42
Wholesale and retail trade	4,352	8.55	4,664	9.47
Leasing and commercial services	3,159	6.20	3,221	6.54
Construction	1,991	3.91	1,794	3.64
Accommodation and catering	1,325	2.60	374	0.76
Transportation, storage and postal services	795	1.56	1,145	2.32
Agriculture, forestry, animal husbandry and fishery	764	1.50	797	1.62
Information transmission, computer services and software	663	1.30	615	1.25
Water, environment and public utility management	609	1.20	623	1.27
Others	2,280	4.48	1,893	3.84
Subtotal of corporate loans	30,309	59.53	28,482	57.83
Retail loans	20,606	40.47	20,770	42.17
Discounted bills	—	—	—	—
Total NPLs	50,915	100.00	49,252	100.00

Note: "Others" includes health, social security and social welfare; scientific research, technical services, and geological exploration; finance; public management and social organization; production and supply of power, gas and water; resident services and other services; education; culture, sports and recreation; and mining.

xi. Distribution of NPLs by collateral type

Unit: RMB million, %

Type	30 June 2025		31 December 2024	
	Balance	Percentage	Balance	Percentage
Unsecured loans	15,047	29.55	16,091	32.67
Guaranteed loans	6,526	12.82	6,799	13.80
Mortgage loans	29,034	57.03	26,056	52.91
Pledged loans	308	0.60	306	0.62
Total NPLs	50,915	100.00	49,252	100.00

xii. Repossessed assets and provision for impairment

Unit: RMB million

Item	30 June 2025	31 December 2024
Reposessed assets	246	246
Provision for impairment	(167)	(163)
Net value of reposessed assets	79	83

Note: Repossessed assets (non-financial instruments) mainly refer to land, buildings and structures.

xiii. Provision for loan impairment losses and write-off

After determining the credit risk of financial instruments on the balance sheet date, the Group made provision for the estimated credit loss for loans of varied risk levels according to their potential risk based on the expected credit loss model and such quantitative risk parameters as PD (probability of default) and LGD (loss given default) of customers. The provision for impairment losses was recognized through current profit or loss.

Item	Unit: RMB million	
	As at 30 June 2025	As at 31 December 2024
Balance at the beginning of the reporting period ¹	88,582	85,371
Charge for the period ²	15,501	38,147
Recovery of loans and advances written-off	5,264	12,275
Interest income on impaired loans ³	(357)	(735)
Write-off and disposal for the current period	(21,463)	(46,519)
Others	29	43
Balance at the end of the reporting period¹	87,556	88,582

Notes:

1. It excludes provision for impairment of discounted bills and forfaiting under domestic L/C measured at fair value through other comprehensive income.
2. It includes provision for impairment of loans made due to the change of stage and change in cash flow resulting in loan contract being not derecognized.
3. It refers to cumulative interest income of impaired loans due to the subsequent increase in present value over time.

IX. CAPITAL ADEQUACY RATIOS

Please refer to “Key Accounting Data and Financial Indicators” and the Bank’s *Pillar 3 Disclosure Report for the First Half of 2025* for relevant details.

X. SEGMENT PERFORMANCE

i. Performance by regional segment

	Unit: RMB million			
	January-June 2025		January-June 2024	
Region	Operating income	Profit before tax	Operating income	Profit before tax
Bohai Rim	12,726	6,824	13,355	6,741
Yangtze River Delta	12,002	7,518	11,997	8,767
Central China	9,937	5,248	10,931	5,350
Pearl River Delta	8,481	514	8,833	(919)
Western China	7,129	4,386	7,717	2,024
Northeastern China	1,810	1,098	2,110	1,709
Head Office	12,614	4,906	13,492	6,924
Overseas	1,252	187	1,431	(781)
Total	65,951	30,681	69,866	29,815

Management Discussion and Analysis

ii. Performance by business segment

Unit: RMB million

Type	January-June 2025		January-June 2024	
	Operating income	Profit before tax	Operating income	Profit before tax
Corporate banking	24,985	15,202	25,709	17,941
Retail banking	25,543	921	28,566	(1,864)
Financial market business	15,406	14,987	15,652	13,858
Others	17	(429)	(61)	(120)
Total	65,951	30,681	69,866	29,815

Please refer to “Notes to the Unaudited Condensed Consolidated Financial Statements” for details of performance by business segment.

XI. OTHERS

i. Changes in major financial indicators and reasons

Unit: RMB million, %

Item	30 June 2025	31 December 2024	Change (%)	Main reasons for change
Due from banks and other financial institutions	118,231	47,767	147.52	Increase in the business scale of due from banks and other financial institutions
Precious metals	3,933	6,788	(42.06)	Decrease in the business scale of precious metal leasing
Derivative financial assets	10,784	33,797	(68.09)	Decrease in the FX derivative financial assets
Financial assets held under resale agreements	26,982	118,128	(77.16)	Decrease in the scale of financial assets held under resale agreements
Due to the central bank	163,434	95,633	70.90	Increase in the scale of due to the central bank
Derivative financial liabilities	12,305	32,448	(62.08)	Decrease in the FX derivative financial liabilities
Gains from sale of repurchased financial assets	192,865	75,793	154.46	Increase in the scale of financial assets sold under repurchase agreements
Other comprehensive income	6,676	10,891	(38.70)	Decrease in valuation of bonds measured at fair value through equity

Item	January-June 2025	January-June 2024	Change (%)	Main reasons for change
Net trading gains	803	1,685	(52.34)	Decrease in net trading gains
Net gains arising from investment securities	5,693	8,488	(32.93)	Decrease in fair value of investment securities
Net gains from derecognition of financial assets measured at amortized cost	1,974	140	1,310.00	Increase in gains on disposal of financial assets measured at amortized cost
Net foreign exchange gains/(losses)	710	(6)	N/A	Increase in foreign exchange gains

ii. Overdue and outstanding debts

During the reporting period, the Bank did not incur any overdue or outstanding debts.

iii. Interest receivable and provision of allowance for related bad debts

1. Change in on-balance-sheet interest receivable

Unit: RMB million				
Item	Balance at the beginning of the reporting period	Increase during the reporting period	Decrease during the reporting period	Balance at the end of the reporting period
On-balance-sheet interest receivable	47,788	109,751	111,943	45,596

Note: It includes accrued interest and interest receivable that has not been collected.

2. Provision of allowance for bad debts of interest receivable

Unit: RMB million			
Item	30 June 2025	31 December 2024	Change
Balance of allowance for bad debts of interest receivable	3	3	—

iv. Other receivables and provision of allowance for related bad debts

1. Change in other receivables

Unit: RMB million			
Item	30 June 2025	31 December 2024	Change
Other receivables	45,320	32,411	12,909

2. Provision of allowance for bad debts of other receivables

Unit: RMB million			
Item	30 June 2025	31 December 2024	Change
Balance of allowance for bad debts of other receivables	1,080	1,043	37

Management Discussion and Analysis

XII. PERFORMANCE OF BUSINESS SEGMENTS

i. Corporate banking

The corporate banking business line of the Bank regarded providing financial services for the real economy as its fundamental mission, and further intensified support for key sectors such as advanced manufacturing, strategic emerging industries and private enterprises. The Bank proactively implemented a raft of incremental policies put forward by the Chinese government, steadily promoted the real estate financing coordination mechanism and the MSE financing coordination mechanism, and supported the construction of the “Three Major Projects” (constructing government-subsidized housing, renovating urban villages and building dual-use public infrastructure that accommodate emergency needs in mega cities). The Bank also pressed ahead with the projects of large-scale equipment upgrading and technological renovation, the projects of lending to support listed companies in stock repurchase and shareholding increase, and the projects involving consumer loans and pension loans. Guided by FPA, the Bank further developed the operation model featuring the integration of commercial banking, investment banking and private banking, offered diversified products such as basic credit, bond financing and non-loan non-debt business, and built an ecosystem of cooperation with non-bank financial institutions including securities firms, insurance companies, leasing firms and private equity institutions, in a bid to enhance its comprehensive financial service capabilities. Adhering to the customer-oriented business philosophy, the Bank further strengthened the concept of stratified, grouped and tiered customer management, tailored marketing paradigms for strategic customers, potential customers and basic customers accordingly, consolidated customer base, and enhanced value creation. The Bank upgraded its products and services such as online inclusive finance, supply chain, agency payroll, corporate treasury, cash management, bill settlement and cross-border finance, built an all-scenario product framework for industrial chains, and promoted the upgrade of business operation modes. During the reporting period, the Bank’s corporate banking realized an operating income of RMB24,985 million, a year-on-year decrease of RMB724 million or 2.82%, accounting for 37.88% of the Bank’s total operating income. As at the end of the reporting period, the total FPA amounted to RMB5.41 trillion, representing an increase of RMB94,936 million over the end of the previous year, and the total number of corporate customers reached 1.0068 million, representing an increase of 9.4 thousand over the end of the previous year.

1. Corporate deposits and loans

The Bank adhered to the philosophy of high-quality development, advancing business growth, customer base development and risk management in a coordinated manner. The Bank struck a balance between the quantity and quality of corporate deposits, and continuously advanced the development of four new growth drivers including entrusted payment, customer chain expansion, cash management and qualified special accounts to increase deposits, so as to improve the value contribution of high-quality deposits, optimize cost structure and ensure stable quantity and better quality of deposits. The Bank optimized the structure of corporate loans, persisted in coordination among front, middle and back offices to strengthen financial support for major strategies, key areas and weak links, built flexible industrial research teams to deepen research on segmented industries, and integrated marketing guidance, customer whitelists, industry-specific credit policies and approval strategies for key competition fields. The Bank enhanced integrated customer management by focusing on specific industries and customer groups to refine services, products, strategies and processes and improve customer loyalty and satisfaction. As at the end of the reporting period, the balance of corporate deposits (including the corporate business-related portion of margin deposits) was RMB2,824,798 million, representing an increase of RMB156,658 million or 5.87% over the end of the previous year. The balance of corporate loans (excluding discounted bills) was RMB2,495,109 million, representing an increase of RMB197,550 million or 8.60% over the end of the previous year.



Column 1: Building the “Five Excellences” supporting system to serve technology finance

- The Bank leveraged the strengths of Everbright to serve national needs, released the *Work Plan for Technology Finance of China Everbright Bank (Version 2.0)*, and made efforts to serve technology finance by building the “Five Excellences” supporting system featuring excellent services, products, ecosystems, industry research and digital intelligence. The Bank strove to achieve stable and sustainable growth in loans to tech firms with the special mention loan ratio, NPL ratio and overdue loan ratio for tech firms all lower than the Bank’s average ratios. As at the end of the reporting period, the balance of loans to tech firms amounted to RMB417,029 million, representing an increase of RMB37,503 million or 9.88% as compared with the end of the previous year, exceeding the growth rate of normal loans. The number of customers with loans granted was 12,934, representing an increase of 1,871 or 16.91% as compared with the end of the previous year.

I. Offering excellent services to enhance the service level of technology finance

The Bank maintained dedicated policy and resource support for tech firms, including flexible loan interest rate pricing and interest repayment terms, differentiated internal fund transfer pricing policies, increased internal performance assessment weights, refined the internal policy of due diligence exemption, and advanced the construction and implementation of the “1+16+100” technology finance specialized and dedicated organization system. During the reporting period, the Bank completed the establishment of Technology Finance Centers in 16 tier-1 branches including Beijing, Shanghai, Shenzhen and Guangzhou. A total of 66 technology finance featured outlets or technology outlets realized steady and healthy operation, providing professional and convenient credit and service support for local tech firms.

II. Building excellent products to enrich technology finance services

The Bank precisely served the financing needs of tech firms at different development stages by building a technology finance product system covering equity, credit, bond, custody and private banking products, forming a full-life-cycle technology finance product matrix that covers both domestic and overseas markets with over 40 financial products.

For tech start-ups, the Bank launched products such as Tech Firm e-Loan, a convenient small-amount online credit product, and equity-related services such as stock option and direct equity investment. As at the end of the reporting period, the balance of Tech Firm e-Loan was RMB2,241 million, with 564 customers being granted loans.

For tech firms at the growth stage, the Bank provided innovative products for specific scenarios and customer groups including Technology R&D Loan, SRDI Enterprise Loan and SRDI Giant Loan, as well as innovative services including technological innovation bond issuance and portfolio application of debt investment funds.

For tech firms at the maturity stage, the Bank offered capital market products such as M&A loans, leveraged the M&A loan pilot policy, and focused on key transaction scenarios including pre-IPO resource integration, equity incentive schemes, listed company M&A restructuring and private placement to provide more high-quality M&A financing services. In addition, the Bank focused on core enterprises to offer supply chain financing services to their upstream and downstream enterprises on the chains.

Management Discussion and Analysis

III. Optimizing excellent ecosystems to broaden technology finance service channels

The Bank developed a technology finance ecosystem that covers government agencies, industries, industrial parks, academia, research and investment, leveraging CEG's strengths in comprehensive finance, industry-finance collaboration and cross-border operation to continuously enhance resource integration capabilities and expand its "circle of friends". The Bank established service offering mechanisms with government agencies, technology finance regulatory bodies, industry associations and industrial parks with a cluster of tech firms, and jointly provided comprehensive services for tech firms by co-organizing activities, signing strategic cooperation MOUs and co-developing exclusive products. Additionally, the Bank strengthened service linkage with local universities, laboratories and R&D centers.

Focusing on venture capital and industrial investment funds, the Bank leveraged synergies with other CEG subsidiaries that are able to do investment to promote the implementation of the "investment + custody" cooperation model. During the reporting period, the Bank facilitated the roll-out of several replicable typical projects, such as a specialized FOF (fund of funds) for low-altitude economy and aerospace industry and a tech innovation industry investment fund for local economic development.

IV. Conducting excellent industry research to enhance technology finance expertise

Relying on the industry research system of the Bank and the research expertise of Everbright Finance Research Institute, in coordination with Everbright Securities Research Institute with a focus on strategic emerging industries and future industries, the Bank strengthened industry research, developed industry policies integrating business development and risk management, tailored featured solutions for segmented industries and niche scenarios, promoted stable growth in both the number of customers granted loans and the loan balance in key competition fields such as integrated circuits and computing power industries, and innovatively participated in projects such as the business transformation and capital increase project of an Artificial Intelligence Data Center (AIDC) under a domestic computing power giant. The Bank also considered introducing external expertise from research institutions, well-known enterprises, securities firms and venture capital agencies to strengthen its talent pool of technology finance industry experts, thereby providing specialized advisory support for business operation, credit approval and risk management.

V. Improving excellent digital intelligence to deepen digital empowerment in technology finance

The Bank continued to research, develop, put into production and iteratively upgrade featured online products such as SRDI Enterprise Loan and Tech Firm e-Loan. Relying on intelligent risk control models, the Bank achieved automated or semi-automated credit approval. Technologies such as biometric recognition and electronic signatures were utilized to convert manual offline procedures into automated, online and intelligent procedures, significantly enhancing processing efficiency and customer experience. The Bank introduced external data from industrial and commercial administration, judiciary, taxation and credit investigation system to enable intelligent pre-lending fraud prevention, during-lending credit line approval and post-lending early warning, thereby strengthening its overall risk control capabilities. In parallel, the Bank accelerated large model development and scenario-based application, and launched intelligent functions such as automated research report generation and policy Q&A AI assistant.



Case 1: The featured services of “Sunshine Tech Innovation”

Technology R&D Loan

For tech firms and scientific research institutions, the Bank innovatively launched Technology R&D Loan, characterized by its broad scope of use and more extended maturity period, effectively supporting both expensed and capitalized expenditures directly related to R&D activities, including procurement of scientific instruments and equipment, construction and renovation of pilot production lines, intellectual property acquisition and personnel compensation. As a national high-tech enterprise, a semiconductor testing company in Shenzhen specializing in the packaging, testing and manufacturing of memory chips holds several pertinent intellectual property rights. Based on a comprehensive assessment of the company’s technology attributes, core technologies, R&D capabilities, industry outlook and operational sustainability, the Bank approved a credit line for Technology R&D Loan to support its growth.

Loan for Stock Repurchase and Shareholding Increase

The Bank proactively participated in PBOC’s monetary policy instrument pilot program of relending to support listed companies in stock repurchase and shareholding increase by establishing a dedicated working team and promptly paying on-site visits to listed companies.

A cloud product and service enterprise in Wuxi City intended to repurchase shares for employee stock ownership and equity incentive programs. In response to the needs of the company, under the guidance of local regulators, the Bank initiated a pilot collaboration project of lending to support stock repurchase and shareholding increase, by establishing a green credit approval channel and accelerating the processes of project review and credit approval. This loan project was among the first batch nationwide and was the first of its kind in Wuxi City under the STAR Market, demonstrating the Bank’s efforts to help maintain the stability of China’s capital market.

2. Inclusive finance

The Bank relied on its task force for inclusive online loans to continuously strengthen product innovation and iteratively upgrade its “3+1” online product system that covers credit products, guarantee products, mortgage products and Tech Firm e-Loan. The Bank advanced the implementation of the MSE financing coordination mechanism, conducted the “Extensive Visits to Enterprises” campaign, and established an exclusive marketing system to improve the marketing, acceptance and approval efficiency for MSEs, thereby enhancing inclusive finance service capabilities. As at the end of the reporting period, the balance of inclusive loans amounted to RMB452,660 million, up RMB17,217 million or 3.95% as compared with the end of the previous year. The number of inclusive finance customers stood at 439.5 thousand, an increase of 3,757 as compared with the end of the previous year. The weighted average interest rate of newly issued loans was 3.20%, down 27 bps as compared with the end of the previous year. The NPL ratio was 1.28%, indicating stable asset quality.

Management Discussion and Analysis



Case 2: Inclusive finance featured businesses

Delivering comprehensive financial services to vigorously support rural cultural tourism development

In Jinhua City, efforts were underway to revitalize its signature “two-end-black pig” livestock industry through the establishment of a cultural demonstration base integrating agriculture and tourism. CEB Hangzhou Branch developed a customized project financing solution totaling RMB360 million with a term of 18 years, and specially designed a staged repayment plan to alleviate early-stage funding pressure. At the same time, the Bank provided comprehensive financial services that integrate financing, intelligence and resources, including the Cloud Fee Payment platform and the migrant worker agency payroll services, to support the enterprise’s operating cash flow management and project settlement needs at later stages, drive income growth for local farmers and facilitate rural tourism development.

Supporting seed industry M&A to safeguard food security

CEB Zhengzhou Branch actively supported a seed enterprise engaged in crop seed R&D, production and promotion by formulating a tailor-made M&A financing solution pledged by equity interests, with enhanced coordination among the front, middle and back offices. To address issues such as acquisition target valuation and repayment source, the Bank employed measures such as dynamic cash flow estimation and enhanced credit enhancement, completing the risk approval procedure efficiently. In March 2025, the Bank granted an M&A loan of approximately RMB85 million to the enterprise specially for acquiring the equity of a high-quality seed company to strengthen its business within the industrial chain.

3. Investment banking

The Bank actively practiced the operation concept of “integrating commercial banking, investment banking and private banking” to build the brand of “Sunshine Investment Banking” that places bond underwriting, business matchmaking and M&A financing at the core, thereby enhancing its comprehensive financial service capabilities for a diverse customer base. During the reporting period, the Bank underwrote debt financing instruments for non-financial enterprises, non-policy financial bonds and credit asset-backed securities (CABS) in the interbank bond market with a total underwriting volume of RMB190,611 million. The Bank continued to capitalize on the strengths of innovative financing instruments such as technological innovation bonds and green bonds to support key national strategies such as invigorating China through science and technology, green transition and rural revitalization. The Bank promoted M&A financing services in tech firms and other strategic emerging industries to cover key areas such as advanced manufacturing and consumption, contributing to the high-quality development of the real economy. Moreover, the Bank actively supported enterprises with loans for stock repurchase and shareholding increase, helping them optimize shareholding structure, stabilize market expectations and boost investor confidence. During the reporting period, the Bank granted M&A loans at home and abroad with a cumulative amount of RMB16,623 million, and issued four credit asset securitization projects with a total asset scale of RMB11,057 million.

4. Transaction banking

The Bank focused on cultivating its “Sunshine Transaction Banking” featured products to build a transaction banking product ecosystem covering “cross-border ecosystem, chain-based finance ecosystem and corporate treasury ecosystem”, promoted development in three major areas including international business, supply chain finance and cash management in a coordinated manner, and constructed a comprehensive financial service platform covering both local and foreign currencies, domestic and overseas businesses, inside and outside of free trade zones, and onshore and offshore markets. Through “Sunshine Wage”, a financial service for the wages of rural migrant workers, the Bank continued to support

the livelihoods of migrant workers while serving the real economy, safeguarding the lawful rights and interests of new citizens. As at the end of the reporting period, the Bank provided wage payment guarantees for rural migrant workers with a cumulative amount of RMB13,947 million, an increase of RMB686 million during the first half of the year, serving 1,549 corporate customers in total. The Bank continued to focus on the digital transformation of corporate treasury management and the payment and settlement needs of enterprises in various business scenarios. The Bank offered enterprises comprehensive, end-to-end and full-life-cycle financial solutions. As at the end of the reporting period, the balance of on- and off-balance-sheet trade finance stood at RMB527,348 million.

ii. Retail banking

Committed to building the industry-leading digital retail banking, the Bank adhered to the customer-centered business philosophy, the Bank focused on the diversified needs of customers, expanded product supply, enhanced online and offline integrated channel service capabilities, strengthened its data-driven approach, intensified stratified and grouped operation, and promoted coordination and collaboration in business operation, thus continuously consolidating customer base. On the liability side, the Bank improved both the scale and quality of retail deposits, actively advanced scenario construction, and deepened customer integrated operation, with retail deposit scale increased, structure optimized and costs reduced. On the asset side, the Bank accelerated business transformation towards an intensive, standardized, online and integrated operational model, supported the development of inclusive finance, boosted residents' consumption, and built Sunshine retail loan hit products, which led to increased retail loans and stable asset quality. The Bank deepened wealth management transformation by rigorously forging features of "Sunshine Wealth", continuously enriching product spectrum, strengthening investment research and consulting system, innovating customized services, and enhancing core business competitiveness, so as to meet the diversified and multi-layered wealth management needs of customers. During the reporting period, the Bank's retail banking business line realized an operating income of RMB25,543 million, a year-on-year decrease of RMB3,023 million or 10.58%, accounting for 38.73% of the Bank's total operating income. Among them, net retail interest income from retail banking stood at RMB19,497 million, a year-on-year decrease of 10.98%, accounting for 42.91% of the Bank's total net interest income, and net non-interest income from retail banking was RMB6,046 million, a year-on-year decrease of 9.29%, accounting for 29.47% of the Bank's total net non-interest income.

1. Retail customers and AUM

The Bank continued to give play to the Retail Customer Management and Development Committee as a mechanism to ensure the implementation of the customer management strategy featuring stratified and grouped management, data-driven operation, channel coordination and conversion from transaction to contribution. The Bank optimized and upgraded customer management model, deepened intensive management of basic customers, improved the collaboration mechanism between the Head Office and branches, and improved overall operation efficiency. Leveraging the advantages of its business outlets and professional customer managers, the Bank improved customized professional services to medium- and high-end customers, bolstering offline operating capacity. Giving play to the leading advantages of the social finance platform of "Golden Cicada Community and Wealth Manager Workshop", the Bank relied on interactive customer operation to boost customer acquisition and value conversion. The Bank strengthened collaboration between corporate banking and retail banking to boost batch customer acquisition, business coordination and cross-marketing. By adopting a customer-centered approach, the Bank researched on the market, designed products, optimized procedures, and improved experience to enhance the quality and efficiency of integrated customer management on all fronts. The Bank constantly enriched the "Sunshine +" retail customer membership system by developing a new multi-tiered differentiated service model. Deeply engaged in retail digital transformation efforts, the Bank built four main system groups including customer, marketing, operation and strategy system groups, enabling full-domain intelligent customer management. As at the end of the reporting period, the Bank had 159.9783 million retail customers (including holders of debit and credit cards), and medium- to high-end customers with at least RMB500,000 of daily average assets per month grew by 3.60% over the end of the previous year, indicating better customer quality. The number of users of the three apps (CEB Mobile Banking, Sunshine Life and Cloud Fee Payment) stood at 358.5605 million, up 13.03% year on year. Among them, the number of monthly active users (MAU) stood at 49.0313 million, up 0.77% year on year, and the balance of AUM totaled RMB3,099,700 million, up 4.97% over the end of the previous year.

Management Discussion and Analysis

2. Retail deposits

Guided by the operation orientation of “improvement in both quantity and quality”, the Bank continuously deepened its integrated customer operation to realize steady scale expansion, structure optimization and cost reduction for retail deposits. The Bank strengthened coordination between corporate banking and retail banking to develop agency payroll business, and promoted the Enterprise Administrative Management Service Platform (“Xin Yue Tong”), in order to provide agency payroll corporate customers with one-stop digital service solutions. The Bank optimized the online agency payroll service process, advanced the roll-out of offline standardized agency payroll services, and enhanced agency payroll service capabilities. The Bank deepened the “Wage Butler” integrated agency payroll customer services, and continued to carry out exclusive activities such as “Premium Pay” and “Payday Afternoon Tea” to enhance customer experience. The Bank enhanced business collaboration, expanded quick payment business by linking CEB cards to third parties, and increased transaction volume via online platforms to retain settlement funds. The Bank intensified the synergy between debit card and credit card businesses for customer acquisition and activation to enhance customer loyalty and service experience. The Bank intensified scenario-based operation, vigorously expanded key livelihood scenarios such as social security & livelihood service, preferential treatment for the military and their families, health and medical care, and at-home care services for the elderly, and boosted batch customer acquisition and scenario-based fund retention. As at the end of the reporting period, the balance of retail deposits (including the retail portion in margin deposits) of the Bank amounted to RMB1,350,453 million, representing an increase of RMB61,656 million or 4.78% over the end of the previous year.

3. Retail loans

The Bank resolutely implemented the national financial policies for the real estate industry, continued to advance consumer finance, and diligently served inclusive finance. In terms of personal housing loans, the Bank adapted to the new changes in the relation between supply and demand in the real estate market, implemented city-specific policies, and provided stronger support to meet people’s rigid demand for housing and improved demand for housing. In terms of personal business loans, the Bank continued to enhance fast loans with property mortgage, innovatively explored featured inclusive finance projects, accelerated business transformation of online operation, optimized supporting policies, and improved the convenience and coverage of inclusive loans. In terms of personal consumer loans, the Bank focused on boosting goods consumption, developing service consumption and cultivating new forms of consumption, continued to enrich consumption financing products, and promoted policy improvement measures such as increasing credit lines and extending loan terms, so as to satisfy the individualized and diversified consumption needs of customers and enhance the role of finance in boosting consumption. As at the end of the reporting period, the balance of retail loans (excluding credit card business) amounted to RMB1,124,001 million, an increase of RMB17,325 million or 1.57% over the end of the previous year.

4. Wealth management

The Bank insisted on developing its wealth management features, focused on the needs of customers, swiftly responded to the market, deepened the financial supply-side structural reform, constantly enhanced first-time product innovation, first-time product launch and function iteration, and built the “Sunshine Wealth” brand based on two product series – “Sunshine Wealth Management” and “Sunshine Gold Selection”. The Bank strengthened product selection and customization, proactively made efforts to serve pension finance and inclusive finance, and constantly enhanced product inclusiveness, viability and security. By bolstering its data-driven approach, the Bank improved its ability to identify customer needs and analyze customer profiles to accurately match the wealth management demands of different customer groups and build exclusive product and service systems. The Bank formed a classified, stratified, professional and efficient retail service team, intensified application of investment research results, further developed the platform that integrates investment research, consulting and asset allocation to effectively strengthen asset allocation and professional service capabilities. The Bank continued to improve risk control capabilities in wealth management on all fronts, established a full-life-cycle product management system covering pre-sale selection, during-sale monitoring and post-sale evaluation. Using a multi-factor analysis model for quantitative, professional and clear evaluation management of agency sale products, the Bank built a closed loop of execution, monitoring, evaluation and optimization to embed risk management in all links of agency sale business, providing customers with cross-cycle wealth management services. During the reporting period, the Bank’s net fee income from personal wealth management stood at RMB3,757 million, accounting for 35.98% of the Bank’s total net fee income.

5. Private banking

The Bank deeply integrated the development of private banking into technology finance, inclusive finance, pension finance and digital finance in order to foster wealth management features and brands. The Bank improved the integrated financial services that combine commercial banking, investment banking and private banking for sci-tech innovation firms, used family trusts as its main wealth management accounts to serve main business owners, and promoted the brand of “Great Heirloom (Da Cheng Chuan Jia)”. As at the end of the reporting period, the scale of family trusts (including insurance trusts) increased by 56.12% as compared with the end of the previous year. The Bank advanced the “Into Hundreds of Enterprises” joint marketing activities, serving 9,448 entrepreneurs involving RMB127,623 million of AUM, up 8.87% over the end of the previous year. The Bank enriched the pension finance product shelf that includes individual pension insurance, funds and commercial pension products, iteratively upgraded the two major tools (pension ledger and pension planner), actively expanded service coverage for retirement communities, launched VR guide function on CEB Mobile Banking, and provided customers with one-stop pension finance solutions, with the scale of pension insurance products increased by 10.85% over the end of the previous year. The Bank strengthened the development of digitalized investment research and investment consultation, built the product selection expertise and product shelf for “Sunshine Gold Selection”, iteratively upgraded digital asset allocation tools such as “wealth ladder”, “income statement” and “fund portfolio assessment”, serving customers for 1.5 million person-times. As at the end of the reporting period, the sales volume of agency sale products such as public placement, private placement and insurance amounted to RMB101,282 million, and the AUM for agency products amounted to RMB333,899 million, an increase of 7.65% over the end of the previous year. The Bank continuously deepened the reform of customer base management, strengthened the stratified, classified and grouped management, focused on three types of customer base including families, self-focused females and entrepreneurs as well as three scenarios including agency payroll senior management, tripartite deposit management and at-home care, and strengthened collaboration between corporate banking and private banking, between private banking and credit card business, and between private banking and loan business, providing all-accompany services for customers. As at the end of the reporting period, the Bank had 74,961 private banking customers, representing an increase of 3,753 or 5.27% as compared with the end of the previous year. The AUM of private banking reached RMB736,058 million, an increase of RMB35,007 million or 4.99% over the end of the previous year.



Case 3: Pension finance services bringing warmth to people

■ Launching the first batch of “Pension Finance Service Centers”

In January 2025, the Bank held unveiling ceremonies for the first batch of 64 “Pension Finance Service Centers” across 39 branches nationwide, jointly highlighting the pension finance service brand. These centers have four key features: dedicated service environment, specialized pension finance service teams, pension finance products and benefit services, and financial literacy programs for the elderly. By embedding the service philosophy of respecting, honoring, caring and helping the elderly into the daily operation of its branch outlets, the Bank utilized its good pension finance knowledge and retirement planning capabilities, strove to help customers accumulate, preserve and increase wealth, and strengthened senior customers’ abilities of preventing unlawful infringement.

Addressing the urgent needs of the gray-haired with heart-warming services

Upon learning that a senior customer was urgently required to make ICU fee payment following a car accident, the Bank promptly activated the “Green Service Channel for the Gray-haired”, building a “life-saving financial passageway” with efficient and professional support. Multiple branch outlets of the Bank worked in coordination to form a dedicated service task force who immediately visited the hospital to verify relevant situation and process the business on-site. After confirming the authenticity of the fund use and customer identity, the Bank promptly made timely medical fee payment by transferring funds from the customer’s personal account to the hospital’s corporate account based on the medical fee list provided, solving the customer’s urgent needs. The Bank was committed to optimizing its pension finance service mechanism, extending “Everbright Warmth” to more gray-haired customers, and earnestly fulfilling its social responsibility in serving people’s well-being with finance.

Management Discussion and Analysis

6. Credit card business

The Bank continuously implemented its prudent and steady development philosophy, insisted on supporting consumption, unlocked branches' potentials in regional operation, and promoted high-quality growth in its credit card business. The Bank continuously deepened customer acquisition through coordinated marketing, intensified marketing efforts for customers doing businesses such as agency payroll, personal loans and auto loan installment, resulting in a year-on-year increase in terms of the number of new customers. The Bank enhanced the retention of its existing customers, and refined operation strategies centering on key links such as card binding, upgrade, reactivation and retention to improve cardholder experience. The Bank optimized operation for its installment products through better integrated strategies related to installment pricing and payment term, scaled up the deployment of installment products in high-quality scenarios, and effectively stabilized overdraft amount. The Bank strengthened the refined level of risk management, reviewed and optimized strategies related to approval and access criteria, credit line and potentially high-risk customer management, and implemented region-specific risk control, enhancing the precision and effectiveness of proactive risk management. The Bank deepened technology and data empowerment, launched version 9.0 of the Sunshine Life app, fully upgraded functions including customer classification and selection, strategy formulation, monitoring and analysis, enabling intelligent marketing to reach customers. As at the end of the reporting period, the total number of credit card customers was 54.8119 million; the number of monthly active users of the Sunshine Life app was 14.9554 million; the transaction amount was RMB725,824 million; the time-point overdraft balance was RMB370,261 million; and the credit card business income was RMB13,660 million.

7. Digital banking and Cloud Fee Payment

Insisting on the customer-centered approach, the Bank improved open, digital and intelligent service capabilities in key areas such as Cloud Fee Payment, Enterprise Administrative Management Service Platform ("Xin Yue Tong"), scenario-based finance, and the online channel development and integrated operation for corporate banking and retail banking, so as to better serve the real economy and social livelihood. Cloud Fee Payment maintained its advantages as a leading open-ended convenient fee payment platform in China, continuously expanding the scope of services to livelihood and government sectors. The Bank accelerated extending electricity, water and gas fee payment services to counties and townships (villages), realizing full coverage of electricity fee collection services, with the county-level coverage rates of water and gas fee collection services reaching 71.27% and 69.22%, respectively. In terms of government affairs fee payments, the Bank deepened collaboration with local governments at all levels to support the advancement of digital government. The Bank offered non-tax fee collection services in 30 provincial-level regions, provided individual social security collection services in 28 provincial-level regions, and launched the "Elderly Care" version of the Social Security Cloud Fee Payment mini-program on WeChat to improve the fee payment experience of senior users. As at the end of the reporting period, the platform offered 18,858 fee payment service items cumulatively, an increase of 878 items or 4.88%. The payment service items were exported to 898 platforms cumulatively, an increase of 18 platforms or 2.05%. The platform served 1,609 million person-times, up 6.73% year on year, with the total amount of fee payment reaching RMB380,903 million, up 5.92% year on year. The Bank focused on building featured scenario-based finance services, enhancing comprehensive scenario operation capabilities. With Sunshine Logistics Express ("Wu Liu Tong"), the Bank deepened collaboration with leading logistics enterprises, relied on its wealth management and deposit products to extend service chains, formed partnerships with 87 logistics firms, serving 12.3917 million cargo owners and drivers, with the transaction volume reaching RMB94,198 million during the reporting period. For Sunshine Housing Express ("An Ju Tong"), the Bank made full efforts to expand cooperation with local housing administration authorities and explore innovative business models, and established in-depth cooperation with 22 leading enterprises in the industry, with the transaction volume reaching RMB197,808 million during the reporting period. With Enterprise Administrative Management Service Platform ("Xin Yue Tong"), the Bank targeted at MSMEs to further develop digital value-added services for the management of general affairs covering human resources, finance and administrative affairs and offer customized agency payroll solutions, serving 34.3 thousand corporate customers during the reporting period. The Bank deeply constructed an intelligent, ecosystem-based and online customer operation matrix, enhanced the wealth management function on CEB Mobile Banking, upgraded the service sections for fund, private placement, loan and credit card, continuously optimized the special online zone of pension finance, and improved search experience for customers. The Bank constantly enriched the financial product shelf on the Cloud Fee Payment app, upgraded microfinance

services such as small-amount wealth management, fund and insurance, fostering a “life + finance” inclusive and convenient service ecosystem. As at the end of the reporting period, CEB Mobile Banking had 67.9061 million registered users, up 6.21% year on year, and the number of directly-linked fee payment users reached 239 million, up 17.54% year on year.



Case 4: Digital finance featured products

Enterprise Administrative Management Service Platform (“Xin Yue Tong”)

The Bank’s Enterprise Administrative Management Service Platform (“Xin Yue Tong”) is a digital integrated service platform designed to offer enterprises administrative software tools for the management of general affairs covering human resources, finance and administrative affairs, coupled with agency payroll solutions, which supports enterprises in digital transformation of administrative management. The platform featuring an innovative and unified payroll model allows large conglomerates to conduct payroll disbursement for up to 300 subsidiaries with 30,000 salary payments in a single batch, significantly improving operation efficiency of agency payroll service. Leveraging its human resource management services, the Bank also provided grid-based integrated management solutions for over 4,000 sales agents of more than 30 insurance agency partners, helping implement refined process control and personnel performance evaluation. Additionally, the platform launched “Welfare Cloud 2.0”, introducing employee benefit services such as meals and transportation through the “Xin Yue Tong” mini program and the Cloud Fee Payment app, which had been piloted in Beijing, Fuzhou and Changchun, offering customers a seamless and convenient digital benefit distribution experience.

Sunshine Housing Express (“An Ju Tong”)

Sunshine Housing Express (“An Ju Tong”) is an innovative comprehensive financial service launched by the Bank in close cooperation with real estate agencies and government housing construction authorities, mainly targeting at second-hand housing transactions. The Bank relied on its transaction fund monitoring account system and digital service capabilities to ensure secure and efficient fund flows for both institutional and individual customers during second-hand housing transactions, ensuring the stable and healthy development of the real estate market as the industry order was further regulated. In 2019, a leading real estate brokerage firm started partnering with the Bank on Sunshine Housing Express. As at the end of the reporting period, the total transaction volume exceeded RMB140 billion, serving more than 340 thousand customers on the platform, providing strong financial security throughout the housing transaction processes.

iii. Financial market business

The Bank’s financial market business line adhered to the main thread of “stable allocation, flexible trading, increased agency business and strong risk control”, fully utilized its expertise in investment and trading, improved the efficiency of financial resource allocation, and actively served the real economy and national strategies. Guided by the strategic vision of “digitalization + ecosystem”, the Bank focused on GMV (a North Star Metric), built a collaboration ecosystem, boosted system optimization and iterative innovation, and enhanced the comprehensive service capabilities for financial institution customers. The Bank adhered to the bottom line of risk management and compliance, maintaining stable asset quality. Following a customer-centered approach, the Bank optimized and upgraded the “Colorful Sunshine” product system. The Bank strengthened professional investment research capabilities, continued expanding its multi-asset multi-strategy toolbox, and improved equity and alternative investment business. Additionally, the Bank leveraged the role of custody platform to improve business procedure efficiency, expand custody scale, and enhance the “Everbright Custody” brand. During the reporting period, the Bank’s financial market business line realized an operating income of RMB15,406 million, a decrease of RMB246 million or 1.57% year on year, accounting for 23.36% of the Bank’s total operating income.

Management Discussion and Analysis

1. Treasury business

The Bank formulated forward-looking investment strategies and dynamically adjusted the structure of portfolios to enhance business quality and efficiency. The Bank realized balanced enhancement of liquidity, security and profitability for portfolios by emphasizing the interest income value of credit assets and bolstering portfolio returns through swing trading of bonds. Focusing on core responsibilities and main businesses, the Bank continued to promote agency trading and proprietary trading businesses, intensified efforts in the underwriting of government bonds, policy financial bonds and local government bonds, and actively subscribed for themed bonds such as technology innovation bonds, green bonds and manufacturing bonds. The Bank enhanced market analysis and conducted trading activities in a steady manner, prudently managed foreign currency liquidity, and strengthened liability stability in an orderly fashion. Insisting on a risk-neutral philosophy, the Bank remained committed to serving the real economy with financial services. As at the end of the reporting period, the Bank's proprietary bond portfolio amounted to RMB1,483,600 million, accounting for 20.50% of the Bank's total assets, with treasury bonds and local government bonds accounting for 63.46% of the portfolio.

2. Financial institution business

The Bank continued to center on the strategy of “digitalization + ecosystem”, realized cross-sector marketing collaboration by building a collaborative ecosystem for financial institutions, and elevated the quality and efficiency of financial institution customer management. Guided by GMV, the Bank relied on its Digital Integrated Service Platform for Financial Institutions, and deepened four core functions including agency product sale, matchmaking quotation, technology output and market information to strengthen comprehensive customer service capabilities. Focusing on the key areas of the country, the Bank utilized credit bonds and ABS to support enterprises in fields such as green economy, inclusive finance and technology innovation to obtain direct financing in a precise manner, effectively channeling financial resources to the real economy. The Bank optimized asset allocation structure, conducted refined management, and enhanced the quality and efficiency of financial institution business. The Bank carefully balanced liquidity security, risk prevention and operation performance to support the liquidity management of the Bank. Sticking to the compliance bottom line, the Bank reinforced credit risk monitoring and early warning, ensuring stable asset quality. During the reporting period, the Bank conducted business cooperation with nearly 4,000 financial institution customers, with the relevant balance of deposits totaling RMB518,155 million.

3. Asset management

The Bank continued to give play to the wealth management function of its “Sunshine Wealth Management” platform by optimizing and upgrading the “Colorful Sunshine” product system. The Bank launched the “Everbright Premium + (Guang Ying +)” multi-asset multi-strategy brand with a focus on strategies such as “+ Quants”, “+ Diversified”, “+ REITs” and “+ Derivatives” to address investors' diversified investment needs. The Bank enhanced wealth management services in key areas by developing themed wealth management products with a focus on serving the five target areas of finance such as pension finance and green finance. The Bank further advanced the construction of its professional investment research capabilities, focused on equity and alternative asset allocation, and rolled out the first project of private placement for listed companies' shares in the wealth management industry as well as the first project of offline institutional subscription for A-share IPO, strengthening the Bank's support for both the capital market and the real economy. The Bank adhered to the compliance bottom line, and dynamically improved its comprehensive risk management system to ensure sound and sustainable development of wealth management business. As at the end of the reporting period, the Bank's consolidated balance of non-principal-guaranteed wealth management products stood at RMB1,799,091 million, of which NAV wealth management products totaled RMB1,787,056 million, accounting for 99.33% of the total. The Bank cumulatively issued RMB2.36 trillion of non-principal-guaranteed wealth management products, and created value of RMB19,146 million for investors.

4. Asset custody

The Bank's asset custody business leveraged its role as a platform to jointly build a financial institution ecosystem, continuously optimized business procedures to enhance operation efficiency, expanded custody scale, and enhanced the "Everbright Custody" brand. The Bank actively participated in the construction of the modern industrial system, and successfully won the bids for the custody projects of multiple government-backed industrial funds. Seizing new market opportunities, the Bank rolled out the first batch of custody projects for CSI 300 Index Free Cash Flow ETFs in the public fund segment. The Bank cooperated with asset management institutions to research on emerging business areas such as prepaid capital service custody and executive incentive welfare plan custody. Furthermore, the Bank actively contributed to the development of pension finance with high-quality custody services, with the scale of pension custody increased by 5.81% over the end of the previous year. Meanwhile, the Bank continued to advance technology empowerment, further enhancing the automation and intelligence of custody operation.

XIII. BUSINESS INNOVATION

The Bank further refined its innovation management system, established a sustainable and innovation-driven mechanism, controlled risks in innovation projects, ramped up efforts in innovation guidance and incentives, and effectively managed the approval, supervision and closure of innovation projects. As at the end of the reporting period, the Bank granted project closure approvals to 25 innovation projects in public service sectors including education, healthcare and transportation. The Bank also held annual innovation development awards with a focus on key innovation themes such as serving the five target areas of finance and boosting consumption. A total of 37 awards under two categories were granted in recognition of outstanding innovation achievements.

XIV. FINANCIAL TECHNOLOGY

The Bank adhered to the positioning of "technology integration driving business development", aligned closely with the Bank's development strategies and digital transformation demands, focused on key initiatives such as the new-generation core business system, supported the online transformation of inclusive finance, supply chain finance and retail finance, promoted large-scale application of various intelligent assistants in business management, data services and technology R&D, promoted the innovative integration between data elements and financial services, and launched data asset credit enhancement products such as Data Information Loan ("Shu Xin Dai"), aiming to fully support, safeguard and empower high-quality development in all business lines.

The Bank continued to improve the technological input-output efficiency, and strengthened the building of technology teams. As at the end of the reporting period, the Bank invested RMB2,274 million in technology, a year-on-year increase of RMB166 million or 7.87%. The number of IT personnel was 3,965, accounting for 8.34% of the personnel of the Bank.

Rooted in the culture of technological innovation, the Bank continued to empower business development with technology. During the reporting period, the Bank obtained four patents in areas such as data architecture and intelligent counters, and 687 systems including the "New-generation Dual-recording Script Center Software" were granted computer software copyright certificates. The Bank ensured safety during critical periods of time, organized checks for network security, operation security and data security, enhanced simulation drills, and continuously provided customers with secure and reliable services. During the reporting period, the information system operation of the Bank remained steady and there occurred no major security incidents in the Bank.

Management Discussion and Analysis



Column 2: Seizing the opportunities of the times to engage in the “AI +” initiative

The Bank focused on the demands of customers and the expectations of business frontline, grasped the transformative trend of new-generation AI, made continuous progress in core technologies, and steadily advanced technology application, to effectively optimize customer experience, improve operational quality and efficiency at the grassroots level, and serve digital finance using new technologies.

I. Enhancing digital intelligent customer services to elevate financial supply capacity

The Bank actively empowered business operation with AI to significantly improve its capabilities in customer identification and customer service. To enhance technology finance services, the Bank developed a credit risk model specifically for tech firms. By integrating information from multiple sources such as corporate credentials, industry structure and the upstream and downstream of supply chains, the Bank established a credit-granting whitelist and a marketing whitelist for technological innovation industry. As a result, during the reporting period, the Bank attracted over 2,000 new customers with the balance of credit granting increased by nearly RMB100 billion. Regarding the empowerment through inclusive finance, the Bank optimized the full-process model and strategy system for MSE credit granting, effectively improving the level of digital intelligence in risk control. As at the end of the reporting period, the Bank provided a variety of inclusive finance products, with the balance of outstanding loans exceeding RMB20 billion. To advance the development of consumer finance, the Bank built an integrated modeling framework encompassing credit scoring, qualification inference, anomaly detection and anti-fraud to underpin the approval processes for retail internet lending and credit line increase for high-quality customers, thereby effectively implementing national strategic priorities.

II. Empowering frontline employee operation to reduce workload and improve efficiency

The Bank continued to advance the independent research, development and application of cutting-edge technologies such as AI large models, and successfully applied them in four core business scenarios. To enhance the operation quality and efficiency of customer managers, the Bank leveraged AI large models to build penetrative risk identification and analysis functions, assisting corporate banking customer managers in drafting due diligence reports. The Bank realized intelligent upgrade of compliance management by fully utilizing the semantic analysis capabilities of AI large models to construct a bank-wide policy knowledge graph and offer intelligent policy interpretation, comparison and analysis services, with an aim to empower the high-quality business operation of frontline employees. The Bank further unleashed data value by building the “Ask Data” platform, a one-stop tool enabling convenient and efficient data inquiry and application, so as to support precise business decision-making and management optimization. The Bank improved the service efficiency of remote banking by developing the “Remote Banking Assistant” that applies large model technologies throughout the whole business process: predicting customers’ needs prior to the call, recommending conversation scripts during the call, and helping complete work orders after the call. Through comprehensive end-to-end intelligent support, it can reduce workload and enhance productivity for frontline phone receptionists.

III. Strengthening core technological capabilities to create long-term development momentum

The Bank focused on building core technological capabilities to ensure technology support for the long-term development of AI. The Bank built automated parameter-tuning capabilities for large models, and established full-process large model deployment and optimization functions including model deployment inference, pre-training and instruction fine-tuning on the basis of domestic open-source large models. The Bank constructed a unified deployment framework for models and built an integrated large model application platform. Through visual orchestration and dynamic management, the platform enables rapid development and iteration of typical large model application scenarios, providing agile “configure-to-deploy” responsiveness. The Bank built cloud computing intelligent infrastructure, upheld the principle of staying independent and controllable, and constructed a cloud-based intelligent computing cluster, forming general-purpose computing foundations for AI large model R&D and application. The Bank reinforced the cultivation of interdisciplinary talents, established a dedicated team of modelers, and continuously conducted exchanges between professional staff and technical staff as well as exchanges between the Head Office and branches to effectively enhance the capabilities of interdisciplinary talents.

IV. Enhancing risk prevention level and safeguarding the model security bottom line

The Bank progressively refined its model governance framework to ensure that model risks are controllable with applicable standards and positive prospects. The Bank built a standardized model governance framework, strengthened coordinated management, clarified three lines of defense for model risks across the Bank, and established a standardized whole-process management system for large model R&D. The Bank bolstered model risk management, continued to apply external regulations in internal business operation, developed a comprehensive model risk management policy system, and formed bank-wide large model management requirements, with clear responsibility attribution and bottom line requirements.

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XV. INVESTMENT

i. External equity investment

As at the end of the reporting period, the balance of the Bank's material external equity investments amounted to RMB13,233 million, on par with that of the previous year.

ii. Material equity investments

Unit: RMB10,000, 10,000 shares, %

Investee	Principal business	Investment amount	Number of shares held	Shareholding percentage	Profit and loss during the reporting period	Partner
Everbright Financial Leasing Co., Ltd.	Financial leasing	468,000	531,000	90	102,733	Hubei Port Group Co., Ltd., Wuhan Rail Transit Construction Co., Ltd.
Everbright Wealth Management Co., Ltd.	Wealth management	500,000	–	100	106,255	Nil
Beijing Sunshine Consumer Finance Co., Ltd.	Personal consumer finance	60,000	60,000	60	1,709	China CYTS Tours Holding Co., Ltd., O-Bank Co., Ltd
CEB International Investment Corporation Limited	Investment banking	HKD2,600 million	–	100	–HKD77.84 million	Nil
China Everbright Bank (Europe) S.A.	Fully-licensed banking business	EUR20 million	–	100	EUR1.682 million	Nil
Shaoshan Everbright Rural Bank Co., Ltd	Commercial banking	10,500	10,500	70	-116.88	Sany Group Co., Ltd., Guangzhou Baoli Hetai Financial Holding Co., Ltd., Changsha Tongcheng Holding Co., Ltd., Shaoshan Urban Construction Investment Co., Limited
Jiangsu Huai'an Everbright Rural Bank Co., Ltd.	Commercial banking	7,000	7,000	70	273.01	Jiangsu East Goldfox Fashion Co., Ltd., Huai'an Hongyun Municipal Co., Ltd., Nanjing Mengdu Tobacco Packaging Co., Ltd., Huai'an Honghuai Agricultural Industry Development Co., Ltd.
Jiangxi Ruijin Everbright Rural Bank Co., Ltd.	Commercial banking	10,500	10,500	70	479.52	Ruijin Cultural Tourism Development Investment Co., Ltd., Ruijin Hongdu Aquatic Product Food Co., Ltd., Ruijin Shitong Driver Training School Co., Ltd., Ruijin Lvyexuan Forestry Co., Ltd.
China UnionPay Co., Ltd.	Bank card clearing	9,750	25,500	2.56	585,100	Other commercial banks, etc.
National Financing Guarantee Fund Co., Ltd.	Re-guarantee	100,000	–	1.51	–	20 shareholders, including MOF, China Development Bank, Industrial and Commercial Bank of China, China Merchants Bank, China Life, etc.

Notes:

1. All the above-mentioned material equity investments were made with unquoted equity.
2. All the above-mentioned material equity investments were long-term investments.
3. All the above-mentioned material equity investments were in the form of new establishment.
4. All the above-mentioned material equity investments were completed.
5. All the above-mentioned material equity investments were not subject to any litigation.

iii. There was no material non-equity investment, and the Bank conducted bond investment in the ordinary and usual course of business. Please refer to the aforementioned for details.

iv. Financial assets designated at fair value during the reporting period

The Bank held domestic and overseas bonds and financial derivative instruments measured at fair value in the ordinary and usual course of business. For more details, please refer to the “Notes to the Unaudited Condensed Consolidated Financial Statements”.

XVI. DURING THE REPORTING PERIOD, THERE WAS NO ACQUISITION OR DISPOSAL OF MATERIAL EQUITY OF THE BANK.

XVII. MAJOR COMPANIES IN WHICH THE BANK HELD EQUITY

i. Everbright Financial Leasing Co., Ltd.

Established in May 2010, the company engages in financial leasing business. It was registered in Wuhan City, Hubei Province, with a registered capital of RMB5.9 billion. During the reporting period, adhering to serving the real economy and focusing on its primary responsibilities and main businesses, the company gave full play to the functional features of financial leasing such as industry-finance integration and fund-assets combination, formed certain brand advantages in professional fields such as aviation, shipping, vehicles and new energy, and actively expanded business into fields such as new infrastructure, new materials, high-end manufacturing and rural revitalization, providing comprehensive, high-quality and efficient operating lease and financial leasing services for customers with a nationwide business network. As at the end of the reporting period, the company's total assets reached RMB142,412 million and its net assets stood at RMB17,846 million. It realized a net profit of RMB1,027 million during the reporting period.

ii. Everbright Wealth Management Co., Ltd.

Founded in September 2019, the company specializes in asset management related businesses such as the issuance of publicly-offered wealth management products, the issuance of privately-offered wealth management products and wealth management advisory and consultation. It was registered in Qingdao City, Shandong Province, with a registered capital of RMB5 billion. During the reporting period, the company always upheld the investor-centered business philosophy, continuously enriched the “Colorful Sunshine” product system, launched the “Everbright Premium + (Guang Ying +)” multi-asset multi-strategy brand to meet customers' diversified investment and wealth management needs, strengthened round-the-clock investment research capabilities, expanded the asset strategy toolbox, increased support for the real economy and major national strategies, and channeled funds to support key areas in a targeted manner, aiming to deliver long-term sustainable value returns for investors. As at the end of the reporting period, the company's total assets under management reached RMB1,799,091 million, its total assets stood at RMB12,149 million, and its net assets stood at RMB11,559 million. It realized a net profit of RMB1,063 million during the reporting period.

iii. Beijing Sunshine Consumer Finance Co., Ltd.

Founded in August 2020, the company specializes in businesses related to personal consumer loans. It was incorporated in Beijing with a registered capital of RMB1 billion. During the reporting period, the company focused on inclusive finance, prioritized serving people's livelihood and the real economy, optimized product spectrum, enhanced independent risk management capabilities, and continued to refine business structure. As at the end of the reporting period, the company's total assets stood at RMB14,418 million, and its net assets stood at RMB1,334 million. It made a net profit of RMB17 million during the reporting period.

iv. CEB International Investment Corporation Limited

Founded in June 2015, the company was licensed for securities trading, securities consultation, financing consultation and asset management business through its two subsidiaries. It was registered in Hong Kong SAR with a registered capital of HKD2.6 billion. During the reporting period, the company focused on conducting investment banking businesses such as listing sponsorship and underwriting, public offering and placement of new shares by listed companies, and enterprise refinancing. As at the end of the reporting period, the company's total assets stood at HKD7,753 million, and its net assets stood at HKD1,273 million. It incurred a loss of HKD77.84 million during the reporting period.

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v. China Everbright Bank (Europe) S.A.

The company was incorporated in Luxembourg in July 2017 with a registered capital of EUR20 million. As a fully-licensed banking institution, it mainly engages in deposit taking, lending, bill issuance, bond issuance and other businesses of credit institutions permitted by the laws in Luxembourg. During the reporting period, it mainly conducted risk participation buying, among other credit businesses. As at the end of the reporting period, the company's total assets stood at EUR125.22 million, and its net assets stood at EUR22.28 million. It realized a net profit of EUR1.682 million for the reporting period.

vi. Shaoshan Everbright Rural Bank Co., Ltd.

Founded in September 2009, the rural bank engages in commercial banking services including deposit taking and lending. It was registered in Shaoshan City, Hunan Province, with a registered capital of RMB150 million. During the reporting period, focusing on serving agriculture, rural areas and rural residents as well as Shaoshan City, it developed businesses for micro and small enterprises, helped boost the growth of county economy, and explored ways to support rural economic development with its financial products and services. As at the end of the reporting period, the total assets of the rural bank stood at RMB832 million, and its net assets stood at RMB246 million. During the reporting period, it incurred a loss of RMB1.1688 million.

vii. Jiangsu Huai'an Everbright Rural Bank Co., Ltd.

Founded in February 2013, the rural bank engages in commercial banking services including deposit taking and lending. It was registered in Huai'an City, Jiangsu Province, with a registered capital of RMB100 million. During the reporting period, it served agriculture, rural areas and rural residents, expanded businesses for micro and small enterprises, and achieved steady business growth. As at the end of the reporting period, the total assets of the rural bank stood at RMB977 million and its net assets stood at RMB142 million. During the reporting period, it realized a net profit of RMB2.7301 million.

viii. Jiangxi Ruijin Everbright Rural Bank Co., Ltd.

Founded in November 2018, the rural bank engages in commercial banking services including deposit taking and lending. It was registered in Ruijin City, Jiangxi Province, with a registered capital of RMB150 million. During the reporting period, it actively explored ways to serve agriculture, rural areas and rural residents, and developed businesses for micro, small and medium enterprises. As at the end of the reporting period, the total assets of the rural bank stood at RMB819 million, and its net assets stood at RMB191 million. During the reporting period, it realized a net profit of RMB4.7952 million.

VIII. STRUCTURED ENTITIES CONTROLLED BY THE BANK

The structured entities controlled by the Group but not recognized in the consolidated financial statements mainly include special asset management plans. For more details, please refer to the "Notes to the Unaudited Condensed Consolidated Financial Statements".

XIX. RISK MANAGEMENT

i. Credit risk management

The Bank adhered to a prudent risk management philosophy, ensured both development and security, insisted on unified credit management, strictly conducted risk limit management on a consolidated basis, and enhanced risk monitoring for large-value credit customers. The Bank ramped up risk control in key areas such as financing platforms and real estate, accelerated resolving existing risks, and strictly prevented incremental risks. The Bank advanced the reform of the credit approval policy and mechanism, optimized the authorization model between the Head Office and branches, promoted professional approvals by industry committees, and strengthened the centralized management of the Head Office on customer credit concentration and risk management strategies. By integrating industry research resources in business and risk management, the Bank enhanced industry research to empower business development to form a comprehensive and unified industry credit-granting solution, which covers industry credit-granting policies, review and approval guidelines, marketing guidelines and the whitelist of credit customers. The Bank accelerated digital transformation in risk management by continuously advancing the construction of a new credit-granting management platform, gave play to the role of large models in data mining and information analysis, and enabled

intelligent risk analysis for both credit customers and relevant business outlets. The Bank sorted out existing non-performing assets, investigated deep into the root causes of non-performing assets, and improved the weak links in the system and mechanism, to form a closed-loop risk management system and enhance risk awareness for all employees.

The Bank insisted on serving the real economy, maintained stable credit growth, optimized credit resource allocation, and strengthened financial services for major strategies, key areas and weak links, actively supported the policy of “Two New Actions” (the large-scale renewal of equipment and the trade-in of consumer goods) and “Two Major Initiatives” (implementing major national strategies and building up security capacity in key areas). The Bank made efforts to serve the five target areas of finance (technology finance, green finance, inclusive finance, pension finance and digital finance) to provide tech firms with diversified financial services throughout their life cycles, supported the green transition and digital upgrading of traditional industries, laid emphasis on providing financing for areas such as new energy bases and green buildings, and accelerated the online development of inclusive finance, supply chain finance and retail finance. The Bank continued to enhance risk analysis, implemented differentiated policies with both supportive and controlling measures, and contributed to the high-quality development of industries. The Bank continued to deepen the MSE financing coordination mechanism, and stepped up credit support for MSEs and agriculture-related entities. The Bank strengthened financial services for the consumption sector and vigorously supported the expansion of domestic demand.

The Bank strictly classified assets to disclose risk profile dynamically and objectively. The Bank pursued a prudent and sound provision policy, performing impairment testing and provisioning in line with the new accounting standards for financial instruments. Besides, the Bank improved the whole-process asset quality management mechanism, strengthened portfolio monitoring and penetrative risk monitoring for large-value credit customers, and stepped up risk prevention in key areas. The Bank also intensified the disposal of existing non-performing loans and broadened disposal channels.

Please refer to “Notes to the Unaudited Condensed Consolidated Financial Statements” for more information on credit risk management.

ii. Liquidity risk management

The Bank strictly stuck to the bottom line of liquidity safety, insisted on a prudent concept for liquidity risk management, and adopted an active liquidity management strategy, in a bid to maintain liquidity at an adequate and stable level. In response to changes in economic and financial situations at home and abroad, the Bank positively responded to the challenges in operating environment, made forward-looking evaluation and strategic planning, and made overall planning for diversified liabilities. The Bank regularly conducted stress testing and emergency plan assessment, strictly controlled liquidity risk limits to properly strike a balance among liquidity, security and benefits, further improved its consolidated management governance system, and enhanced the risk resistance capacity of the Group.

Please refer to “Notes to the Unaudited Condensed Consolidated Financial Statements” for more information on liquidity risk management.

iii. Market risk management

The Bank closely followed the international political and economic situation as well as the domestic and overseas markets, and conducted forward-looking analysis and management on interest rate risk, exchange rate risk and commodity risk. The Bank established a market risk management system covering all links such as market risk identification, measurement, monitoring, control and reporting, and strengthened market risk limit management. The Bank conducted market risk stress testing, and improved the testing procedure and result application mechanism. The Bank also effectively implemented various risk prevention and control measures to ensure smooth operation of related businesses and prevent potential extreme market risks caused by emergency events.

Please refer to “Notes to the Unaudited Condensed Consolidated Financial Statements” for more information on market risk management.

iv. Large risk exposure management

In line with the *Measures for the Administration of Large Risk Exposures of Commercial Banks* (Decree No. 1 of CBIRC in 2018), the Bank continuously enhanced large risk exposure management, orderly carried out work relating to measurement, monitoring and system optimization for large risk exposures, effectively brought customer concentration risk under control, and continuously enhanced its large risk exposure management capabilities. During the reporting

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period, all limit indicators for the Bank's large risk exposures were controlled within the regulatory scope.

v. Country risk management

The Bank established a country risk management system that fits in with its risk profile, regularly carried out country risk internal ratings, set country risk limits and monitored them on a regular basis, conducted country risk stress tests, and optimized procedures for handling material risk matters. As at the end of the reporting period, the Bank was granted above investment grades in international ratings for country risk exposures. It also accrued adequate country risk provisions in accordance with regulatory requirements.

vi. Operational risk management

The Bank actively implemented the new regulatory rules for operational risk management, and strengthened the dynamic identification and monitoring of operational risks in key areas. The Bank effectively utilized operational risk management tools to conduct risk identification, monitoring, evaluation and reporting to enhance management effectiveness. The Bank paid close attention to regulatory penalties, made a summary on the common penalty issues pointed out by regulators, placed priority on the risk control effectiveness of internal policies, procedures and systems, and ensured accountability for the principal responsibilities of risk management, so as to raise compliance awareness for all employees. The Bank reported typical cases and intensified monitoring and cautionary reporting of common risks in key areas. The Bank also actively implemented the new regulatory rule on capital management to enhance the overall management ability of operational risk capital measurement.

Please refer to "Notes to the Unaudited Condensed Consolidated Financial Statements" for more information on operational risk management.

vii. Compliance risk management

Taking the implementation of the *Measures for the Compliance Management of Financial Institutions* as an opportunity, the Bank continued to optimize its compliance risk management system. The Bank convened a bank-wide compliance management conference to conduct compliance-related warning education and reinforce compliance awareness among all employees. The Bank improved its oversight and check mechanism in a coordinated manner, and strengthened the streamlining, standardization and review of internal policies and regulations to make the monitoring and policy system more concise and effective. The Bank strengthened the quality and effectiveness in the prevention and control of lawsuits, and conducted regular screening and investigations into employees' abnormal fund transactions. The Bank promoted strict and precise accountability, and strengthened employee behavior management. Meanwhile, the Bank strengthened regulatory reporting and daily management of related party transactions, and continuously improved the business operation authorization system.

viii. Reputational risk management

Following the fundamental principle of being "forward-looking, matching, full-coverage and effective", the Bank persisted in doing well all tasks related to reputational risk management, and further optimized the reputational risk management system with continuous improvements in governance structure, work procedures, routinization, evaluation and monitoring through performance assessments, thus continuously improving the capabilities of risk management and response. The Bank enhanced reputational risk prevention and control at source and ex-ante evaluation, put in place screening and mitigation measures for potential reputational risks, conducted reputational risk response and disposal in a coordinated and efficient manner, strengthened brand promotion and active publicity, and maintained the good reputation and public image of the Bank. During the reporting period, there was no material reputational risk event that could seriously endanger the reputation of the Bank.

ix. Money laundering risk management

The Bank focused on the implementation of the new *Anti-Money Laundering Law*, faithfully fulfilled all AML obligations, and improved AML internal control policy system, laying a solid management foundation. The Bank conducted in-depth research on the new characteristics and changes of money laundering risks, advanced technological empowerment and data governance, and improved the whole-process management of risk identification, early warning and disposal to enhance the effectiveness of money laundering risk monitoring. The Bank optimized customer due diligence mechanism to enhance the level of money laundering risk management. Meanwhile, the Bank strengthened sanction-related compliance risk management to ensure both development and security.

x. Credit policies for key fields

The Bank actively promoted the coverage expansion and efficiency enhancement of the urban real estate financing coordination mechanism, took a coordinated approach to both new financing granting and existing risk resolution, and helped maintain the stabilizing trend of the real estate market. In corporate banking, the Bank adhered to a city-focused project-centered policy orientation, proactively satisfied the reasonable financing needs of real estate enterprises, focused on supporting housing development and construction under both rigid demands and improved demands, as well as the construction of affordable housing under the “Three Major Projects” (constructing government-subsidized housing, renovating urban villages and building dual-use public infrastructure that accommodate emergency needs in mega cities), advanced financial support in an orderly manner to ensure timely delivery of pre-sold housing, and safeguarded the legitimate rights and interests of financial consumers in accordance with the law. In retail banking, the Bank strengthened business area selection and differentiated mortgage rate management to better meet the financial needs of residents.

XX. OUTLOOK OF THE BANK’S FUTURE DEVELOPMENT

i. Implementation progress of business plan

The Bank stayed committed to serving the real economy and devoted to serving the five target areas of finance. The scale of deposits and loans continued to grow, the quality of assets was generally controllable, and high-quality development was continuously promoted.

ii. Potential risks and countermeasures

Internationally speaking, changes unseen in a century were evolving at an accelerating pace as the external environment became increasingly complex and severe, which may exert a greater impact on China’s trade and technology sectors. The global economy faces insufficient growth momentum, with unilateralism and protectionism aggravated, multilateral trading system impeded, tariff barriers increased, and disruptive factors to global industrial chains and supply chains mounted, all of which has hindered international economic circulation. There are still many risk factors in geopolitical relations, which may influence the expectations and investors’ confidence in the global market, and increase the market volatility risk. Domestically speaking, China has ensured its economic growth remains on a positive trajectory, boosted social confidence, made solid headway in pursuing high-quality development, and maintained overall social stability. Meanwhile, the foundations for sustainable economic recovery and improvement still need reinforcement as external shocks keep intensifying. China will continue to uphold the principle of pursuing progress while ensuring stability, promoting stability through progress, breaking new ground while upholding fundamental principles, establishing the new before abolishing the old, promoting systematic integration, and enhancing coordination, in order to better ensure both development and security. China will adopt a more proactive fiscal policy and a moderately loose monetary policy, and enhance the forward-looking, targeted and effective features of macroeconomic control.

Under the background of rapid fintech development and deepened interest rate marketization reform, the banking industry is undergoing profound changes in the operating environment. The interest rate margin between deposits and loans is staying at a relatively low level. The asset and liability management is becoming more challenging for commercial banks. Both the traditional business philosophy and the operation model of commercial banks are facing relatively big challenges. Adhering to the general principle of pursuing progress while ensuring stability, the Bank will actively adapt to the market environment of low interest rate margin, and better coordinate effective qualitative improvement and reasonable quantitative growth, so as to provide high-quality financial services to support economic and social development. First, the Bank will strive to serve the real economy and national strategies, accelerate the strategic transformation of “commercial banking + investment banking + asset management + private banking”, and provide targeted and strong support for major strategies, key areas and weak links, with a focus on serving the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance. Second, the Bank will adhere to serving the people’s livelihood by providing low-cost, wide-coverage and convenient financial products and services in a more market-oriented and sustainable manner. Third, the Bank will focus on improving core competitiveness, and enhance the driving role of digital transformation in business development. The Bank will optimize the allocation of fund resources, and coordinate the regional development layout to better give play to the core synergy function of comprehensive financial services. Fourth, the Bank will ensure both development and security by improving its prudent and efficient comprehensive risk management system, strictly adhering to internal control and compliance policies and enhancing audit supervision system, so as to strictly hold onto the red line of risks.

Environmental, Social and Governance

I. ENVIRONMENTAL INFORMATION

i. Green finance

1. Green finance policy

The Bank was committed to proactively fulfilling the requirements of meeting the carbon peak and carbon neutrality goals, thoroughly applying the green development philosophy, and incorporating green finance into its development strategy; conscientiously bolstering the development of green finance, improving organizational structure and working mechanism, devising special work plans, and proactively supporting key areas such as green buildings, green transportation, low-carbon energy transition and ecological restoration; exploring the development of transition finance, strengthening collaboration within China Everbright Group, and pooling resources to foster distinctive competitive edges; making efforts to promote financing business guaranteed by resources and environmental factors as well as carbon finance products, and optimizing the green finance product and service system; further standardizing data governance, avoiding greenwashing in green taxonomy, improving the ESG risk classification and evaluation system for customers, and strengthening whole-process ESG risk management; and conducting carbon accounting in an orderly manner and improving information disclosure.

2. Green finance performance

The Bank stepped up support for green finance through more credit resource allocation and enriched product spectrum, and accelerated empowering green business development with technology, realizing fast growth in businesses such as green loans and green bonds. As at the end of the reporting period, the balance of green loans amounted to RMB464,129 million, representing an increase of RMB51,099 million or 12.37% from the end of the previous year, faster than the Bank's average loan growth rate. Green loans accounted for 11.31% of total loans, up 0.85 percentage point from the end of the previous year. During the reporting period, the Bank actively underwrote green bonds to support eco-friendly and low-carbon enterprises in gaining access to direct financing, assisted 9 market entities in issuing 13 green bonds with the cumulative underwriting volume standing at RMB2,376 million, and helped enterprises in clean energy power generation, green buildings and some other sectors to obtain direct financing of RMB20,074 million.



Case 5: Vigorously developing green finance

Carbon Reduction Loan

Carbon Reduction Loan is a new credit service model based on the carbon accounts of Shenzhen enterprises, which is a product developed by financial institutions in Shenzhen City according to the guidance of PBOC Shenzhen Branch. For enterprises with significant performance in green and low-carbon practices and carbon reduction, financial institutions in Shenzhen City may offer them differentiated preferential policies in terms of loan interest rate, tenor, credit line and mortgage and pledge pattern. By linking loan interest rate with indicators such as carbon reduction outcomes, this model enables refined pricing that benefits enterprises making carbon reduction efforts so as to encourage their green and low-carbon transition.

Under the guidance of PBOC Shenzhen Branch, CEB Shenzhen Branch successfully launched the Bank's first Carbon Reduction Loan, granting a credit line of RMB5 million for working capital loans to a mold manufacturing company in Shenzhen. The loan interest rate was linked with the company's carbon rating and carbon reduction performance, so that the rate was 80 basis points lower than the reference rate, which effectively supported the company's green and low-carbon operation.

Supporting Green Upgrade for the Yellow River Basin

In order to implement the major strategic deployment of “ecological protection and high-quality development in the Yellow River Basin”, CEB Jinan Branch and CEB Lanzhou Branch jointly approved a loan of RMB687 million for the “Gansu-to-Shandong Electricity Transmission” supporting project. As an important part of the “Wind and Solar Power Base” construction in the Yellow River Basin, this project aims to develop and construct clean energy facilities such as wind power and photovoltaic power facilities as well as supporting energy storage stations, so as to effectively reduce the dependence of traditional energy on the water resources in the Yellow River Basin as well as water pollution risks and inject green momentum into the ecological restoration and high-quality development of the Yellow River Basin. After the completion of the project, it was expected to drive local employment growth, promote industrial upgrading and form a virtuous cycle among ecology, economy and energy in the Yellow River Basin.

ii. Green operation

The Bank actively advocated green office practices and low-carbon living, ensuring effective implementation of all key energy-saving and emission-reduction measures. The Bank set standards for water and electricity usage, strengthened patrol after working hours, and eliminated issues such as lights left on or water left running. The Bank rigorously conformed to the national regulations on indoor temperature control of air conditioning, and adopted energy-efficient operation modes to improve air conditioning efficiency. The Bank continued to make efforts to popularize the concept of “practicing strict economy and combating waste” and promote the “Clear Your Plate” campaign to raise employees’ conservation awareness. The Bank also enforced waste classification regulations and strengthened responsibility implementation. The Bank vigorously advocated the use of video conferencing to reduce business travel frequency, actively explored energy-saving renovations in buildings to reduce office energy consumption, and promoted electronic working tools to reduce paper consumption. Additionally, the Bank encouraged employees to practice the idea of “green travel” by prioritizing low-carbon modes of transportation during business trips.

iii. Environmental and climate risk management

1. Risk management policy

The Bank highly valued ESG risk management by formulating the *Environmental, Social and Governance Risk Management Policy* to incorporate ESG risks into the comprehensive risk management system, and adhered to the basic principle of full coverage, category-specific management and whole-process management. The Bank proactively built a framework for ESG risk management, and defined organizational structure and responsibilities for risk management. The Bank established category-specific management standards and strictly implemented the “one-vote veto system” for customers with major ESG risks. The Bank standardized the management process, incorporated ESG risk management into the whole process of credit business such as due diligence, review & approval and post-lending management, and strictly exerted whole-process control.

Environmental, Social and Governance

2. Risk management measures

The Bank strengthened reviewing environmental and climate risks, and carefully managed credit access for green projects. The Bank strengthened whole-process management for customers' ESG risks, improved functions of the ESG risk modules in the management system, and added ESG risk identification, assessment and management to business links, including pre-lending examination, review & approval, contract management, loan granting review and post-lending management. The Bank resolutely implemented the policy of reducing excess industrial capacity by enhancing the management of industries with severe overcapacity, heavy energy consumption and emission, and persisted in total amount management and structural adjustment. The Bank actively supported phasing out "zombie firms", and adopted credit limit management for industries with serious overcapacity and four-category management (supporting, maintaining, reducing and eliminating) for existing customers. Combining both internal and external standards, the Bank placed high-carbon labels within the Bank to regularly monitor high-carbon asset concentration and quality. The Bank included the impacts of environmental and climate changes on its operation in the scope of management and supervision, in a bid to take precautions against extreme weather and make emergency responses.

II. INFORMATION ON SOCIAL RESPONSIBILITY FULFILLMENT

i. Consolidation of achievements in lifting people out of poverty

The Bank continued to effectively link the consolidation and promotion of poverty elimination achievements with rural revitalization, adhered to the principle that poverty relief responsibilities, policies, support and oversight shall continue even after a county is removed from the poverty list, and proactively conducted industry assistance, consumption-driven assistance, talent assistance and donation assistance, and maintained steady credit support for regions lifted out of poverty and key counties designated for national rural revitalization. As at the end of the reporting period, the balance of loans to areas that had been lifted out of poverty stood at RMB44,870 million, an increase of RMB5,043 million over the beginning of the year. The balance of loans to key rural revitalization counties was RMB4.7 billion, an increase of RMB463 million over the beginning of the year. The Bank's cumulative donations related to targeted assistance and rural revitalization projects totaled RMB13.15 million. The "Wonderful E-shopping" platform actively promoted the integrated development of rural industries, supporting 310 rural enterprises in 250 counties across the country to sell 77.2 thousand agricultural products with the total sales reaching RMB5.2102 million. The Bank's 28 branches undertook paired assistance tasks to help a total of 65 targeted areas and dispatched 78 cadres to villages for paired assistance.

ii. Support for rural revitalization

The Bank proactively implemented the national rural revitalization strategy by focusing on four key areas: ensuring grain security, consolidating and expanding poverty alleviation results, serving rural income-generating industries, and supporting rural construction, built four cooperation channels including bank-enterprise, bank-government, bank-guarantee and bank-insurance cooperation to provide comprehensive support, and prioritized fostering new agricultural business entities and new quality productive forces by granting more credit to agriculture-related sectors. As at the end of the reporting period, the balance of agriculture-related loans reached RMB347,601 million, an increase of RMB29,241 million over the beginning of the year, and the balance of inclusive agriculture-related loans under the new statistic scope was RMB35,996 million, an increase of RMB6,164 million over the beginning of the year.

iii. Protection of consumers' rights and interests

The Bank fully implemented regulatory requirements on financial consumer protection, continued to strengthen consumer rights and interests protection by improving various consumer protection work mechanisms in a systematic and all-round manner, and incorporated consumer protection into all links and processes of the Bank's products and services. The Board of Directors, Board of Supervisors and Senior Management proactively fulfilled their consumer protection duties, and considered and heard the annual work plan and the compliant report on consumer protection to clarify annual tasks and key measures. The Bank launched the "2025 Sunshine Consumer Protection Accompany Your Life" Annual Publicity Campaign, actively organized events such as the "315 (15 March)" Financial Consumer Rights and Interests Protection Publicity Campaign, the "515 (15 May)" Investor Protection Awareness Day and the "Financial Knowledge Popularization" Campaign, regularly carried out the "Sunshine with You Every Month"

program, and published “Consumer Protection Calendar” on a daily basis, enhancing consumers’ financial literacy and risk prevention awareness. The Bank formulated the *2025 China Everbright Bank Age-friendly Financial Service Work Plan*, outlining 16 specific initiatives in five key areas to continuously optimize both traditional and intelligent financial services, thereby improving the experience of using financial products and services for senior customers. The Bank organized special training sessions on consumer protection for 2025, focused on emerging challenges and practical issues, and launched lessons such as suitability management, business partner management and dispute resolution to effectively enhance staff’s professionalism and expertise in consumer protection. The Bank strengthened root cause analysis in complaint management with a focus on credit card and retail loan businesses, enhanced efficiency and quality in handling complaints, streamlined complaint handling process, promoted diversified ways of financial dispute resolution, and reinforced risk prevention from sources, risk resolution at early stages and risk control at critical points.

III. GOVERNANCE INFORMATION

The Bank established a sound corporate governance structure and ESG governance structure with the shareholders’ general meetings as the organ of power, the Board of Directors as the decision-making organ, the Board of Supervisors as the supervisory organ and the Senior Management as the executive organ, and an ESG structure consisting of three layers including decision-making, management and execution with the Board of Directors as the decision-making layer, the Head Office’s Social Responsibility/Inclusive Finance Management Committee as the management layer and relevant units as the execution layer.

The Board of Directors and its Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee actively performed their duties in the strategic deployment, decision-making and guidance of ESG work. They actively pressed ahead with the ESG work, studied and evaluated relevant measures to improve ESG performance, and guided management in formulating annual ESG key initiatives. They placed strong emphasis on consumer protection by reviewing the summary and the plan for consumer protection work and analyzing consumer complaints. They rigorously advanced the realization of carbon peaking and carbon neutrality goals by listening to the work reports on the Bank’s carbon peaking, carbon neutrality and green finance efforts. They reviewed and approved the proposal on paired assistance through donations to help consolidate the achievements of poverty alleviation.

The Senior Management of the Bank coordinated the efforts across the Bank to fulfill environmental and social responsibilities, setting up multiple committees and working groups dedicated to ESG work to oversee various ESG-related tasks, formulated the *2025 ESG Work Priorities*, and adopted the new development philosophy featuring innovation, coordination, greenness, openness and sharing to incorporate ESG management into the Bank’s development strategy, business management, customer service and product innovation, to prompt the whole bank to better understand and pay more attention to ESG concepts. The “1+6C” responsibility model was put in place covering environmental, social and governance dimensions. “1” refers to building a complete set of ESG management system, while “6C” refers to addressing climate change, upholding civil finance, enhancing client experience, creating colleague coherence, engaging in community development and advancing sound corporate governance. Furthermore, work priorities in 14 aspects were specified and 27 work targets were refined. In environmental dimension, the Senior Management reviewed and approved 3 proposals regarding green finance, carbon peaking and carbon neutrality. In social dimension, the Senior Management reviewed or heard 20 proposals covering topics such as inclusive finance development, data asset management, targeted assistance and consumer protection. In governance dimension, the Senior Management reviewed or heard 24 proposals with regard to internal control & compliance, related party transactions, internal audit and remuneration management.

IV. OTHER INFORMATION

The Bank vigorously developed green finance, supported energy conservation and environmental protection industries, stayed committed to green operation, and carried out environmental protection public welfare activities. Neither the Bank nor its subsidiaries were included in the list of enterprises legally required to disclose environmental information, as published by ecological and environmental authorities.

Significant Events

I. IMPORTANT UNDERTAKINGS AND PERFORMANCE OF UNDERTAKINGS GIVEN BY THE BANK AND THE BANK'S DE FACTO CONTROLLER, SHAREHOLDERS AND OTHER RELATED PARTIES

During the reporting period, the Bank, the Bank's de facto controller, shareholders or other related parties did not make any new material undertakings. Please refer to the *2024 Annual Report* of the Bank for more details.

II. USE OF CAPITAL BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES FOR NON-OPERATING PURPOSES

During the reporting period, there was no non-operational capital occupation by the controlling shareholder or other related parties of the Bank.

III. MATTERS CONCERNING BANKRUPTCY OR REORGANIZATION

During the reporting period, no bankruptcy or reorganization took place at the Bank.

IV. MATERIAL LITIGATION AND ARBITRATION MATTERS

The Bank was involved in some litigation and arbitration cases during its ordinary and usual course of business, most of which were initiated by the Bank for the purpose of recovering NPLs. During the reporting period, the Bank was not involved in any major sued litigation and arbitration cases. As at the end of the reporting period, the Bank was involved in 414 sued litigation and arbitration cases pending final judgment, which involved about RMB1,681 million. The above litigation and arbitration cases would not have any significant adverse impact on the financial position or operating performance of the Bank.

V. PENALTY IMPOSED ON THE BANK OR ITS CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- i. During the reporting period, the Bank was not investigated for suspected crimes according to law, and none of its controlling shareholders, de facto controller, Directors, Supervisors and Senior Management were suspected of committing crimes or subject to any compulsory measures taken according to law.
- ii. During the reporting period, the Bank, the Bank's controlling shareholder, de facto controller, Directors, Supervisors or Senior Management were not subject to any criminal punishment, investigation by the CSRC for suspected violation of laws and regulations, administrative penalty by the CSRC, or material administrative penalty by other competent authorities.
- iii. During the reporting period, none of the Bank's controlling shareholder, de facto controller, Directors, Supervisors or Senior Management were detained by the disciplinary inspection and supervision authorities for suspected serious disciplinary violations or duty-related crimes.
- iv. During the reporting period, none of the Bank's Directors, Supervisors or Senior Management were subject to any compulsory measures taken by other competent authorities for suspected violation of laws and regulations.
- v. During the reporting period, the Bank, the Bank's controlling shareholder, de facto controller, Directors, Supervisors or Senior Management were not subject to any administrative regulatory measures taken by the CSRC, or disciplinary actions taken by any stock exchange.

VI. CREDIBILITY OF THE BANK, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the reporting period, the Bank, the Bank's controlling shareholder and de facto controller had neither unfulfilled obligations specified in effective court documents nor unpaid significant matured debts.

VII. PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SECURITIES

During the reporting period, the Bank and its subsidiaries did not purchase, sell or redeem any listed securities of the Bank (including sales of treasury shares). As at the end of the reporting period, the Bank did not hold any treasury shares.

VIII. CHANGE IN ACCOUNTING POLICIES

During the reporting period, there was no change in the Bank's accounting policies.

IX. MATTERS CONCERNING CONNECTED TRANSACTIONS OF THE BANK UNDER THE *HONG KONG LISTING RULES*

In accordance with the *Hong Kong Listing Rules*, the transactions between the Bank and its connected persons (as defined in the *Hong Kong Listing Rules*) constitute connected transactions of the Bank. The Bank has monitored and managed these connected transactions in accordance with the *Hong Kong Listing Rules*. The connected transactions that occurred or existed during the reporting period are as follows:

i. Non-exempt connected transactions

On 29 December 2023, the Bank and CEG entered into a comprehensive service framework agreement, valid from 1 January 2024 to 31 December 2026 (both dates inclusive), pursuant to which services can be provided for each other between the Bank and CEG or CEG's associates or both. To be specific, CEG or CEG's associates or both provide the Bank with insurance services, joint marketing services, product management services, investment services, technology services, product services and comprehensive services, and the Bank provides asset custody services, agency sales services, product management services, investment services, product services and comprehensive services for CEG or CEG's associates or both. CEG is the controlling shareholder of the Bank. Therefore, CEG constitutes a connected person of the Bank under the *Hong Kong Listing Rules*.

On 29 November 2024, the Bank and CEG entered into a supplementary agreement to the comprehensive service framework agreement to revise the annual caps of comprehensive services provided by CEG or CEG's associates or both to the Bank and comprehensive services provided by the Bank to CEG or CEG's associates or both for the three years ending on 31 December 2026.

ii. Exemptible connected transactions

During the reporting period, a series of connected transactions were carried out between the Bank and its connected persons in the ordinary and usual course of business of the Bank. Pursuant to Chapter 14A of the *Hong Kong Listing Rules*, such connected transactions were exempted from reporting, announcement, annual review and independent shareholders' approval requirements.

X. MATERIAL CONTRACTS AND THEIR PERFORMANCE

i. Significant events relating to material custody, contracting or leasing of other companies' assets, or other companies' material custody, contracting or leasing of the Bank's assets

During the reporting period, apart from routine business, there was no significant event relating to material custody, contracting or leasing of other companies' assets or other companies' material custody, contracting or leasing of the Bank's assets.

ii. Significant guarantee

The provision of guarantee is in the ordinary and usual course of business of the Bank. During the reporting period, the Bank did not enter into any significant guarantee required to be disclosed save for the financial guarantees within its business scope as approved by the PBOC and the former CBIRC or any guarantee contract in violation of laws, administrative regulations and the resolution procedures for external guarantees stipulated by the CSRC.

Significant Events

iii. Other material contracts

During the reporting period, there was no other material contract, and all contracts regarding routine operation were duly performed.

XI. USE OF RAISED PROCEEDS

All the proceeds raised by the Bank in history were used for the purposes disclosed in prospectuses, offering circulars and other documents. The proceeds were used to replenish the Bank's capital, increase the capital adequacy ratio, and support the Bank's sustainable and healthy business development. During the reporting period, no proceeds were raised from share allotment, secondary public offering, preference share issuance and capital debenture issuance.

XII. OTHER SIGNIFICANT EVENTS

i. Completion of profit distribution for 2024

On 27 June 2025, the 2024 Annual General Meeting of the Bank deliberated and approved the profit distribution plan for 2024, and distributed cash dividends among all its ordinary shareholders at RMB0.85 (tax included) per 10 shares. As at the disclosure date of this report, all the final cash dividends totaling RMB5,022 million had been distributed. Combined with the distributed interim cash dividends, the total dividends for 2024 amounted to RMB11,167 million.

ii. Share increase plan of the controlling shareholder

To give full play to the role as the controlling shareholder, transmit confidence in the Bank's future development, reinforce the recognition of the Bank's long-term investment value in the capital market and support the Bank's high-quality growth, China Everbright Group planned to increase its holdings of the Bank's A shares. For more details, please refer to the *Announcement on the Share Increase Plan of the Controlling Shareholder* disclosed by the Bank on 8 April 2025.

XIII. SIGNIFICANT EVENTS OF SUBSIDIARIES

During the reporting period, the subsidiaries of the Bank including Everbright Financial Leasing Co., Ltd., Everbright Wealth Management Co., Ltd., Beijing Sunshine Consumer Finance Co., Ltd., CEB International Investment Corporation Limited, China Everbright Bank (Europe) S.A., Shaoshan Everbright Rural Bank Co., Ltd., Jiangsu Huai'an Everbright Rural Bank Co., Ltd. and Jiangxi Ruijin Everbright Rural Bank Co., Ltd. neither did any profit distribution, nor got involved in any material litigation or arbitration, acquisition and disposal of major assets, material related party transaction, material contract, judicial or administrative investigation or material penalty.

XIV. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

There occurred no subsequent event after the balance sheet date at the Bank.

XV. REVIEW OF INTERIM RESULTS

KPMG had reviewed the Bank's interim financial statements, which were prepared in accordance with the IFRS Accounting Standards and the disclosure requirements prescribed in the *Hong Kong Listing Rules*. The Board of Directors of the Bank and its Audit Committee had reviewed and approved the interim performance results and financial statements of the Bank for the six months ended 30 June 2025.

XVI. PUBLICATION OF INTERIM REPORT

The Chinese and English versions of this Interim Report prepared by the Bank in accordance with the IFRS Accounting Standards and the *Hong Kong Listing Rules* are available at the websites of the HKEXnews and the Bank. In case of any ambiguity in the understanding of the Chinese and English versions of this Interim Report, the Chinese version shall prevail.

Changes in Share Capital and Shareholders

I. CHANGES IN ORDINARY SHARES

Unit: Share, %

	31 December 2024		Change during the reporting period	30 June 2025	
	Number of shares	Percentage		Number of shares	Percentage
I. Shares subject to restrictions on sales	–	–	–	–	–
Shares held by state-owned legal persons	–	–	–	–	–
II. Shares not subject to restrictions on sales	59,085,551,061	100.00	–	59,085,551,061	100.00
1. RMB-denominated ordinary shares	46,406,815,561	78.54	–	46,406,815,561	78.54
2. Overseas listed foreign shares	12,678,735,500	21.46	–	12,678,735,500	21.46
III. Total shares	59,085,551,061	100.00	–	59,085,551,061	100.00

II. NUMBER OF ORDINARY SHAREHOLDERS

Unit: Shareholder

	A shares	H shares
Total number of shareholders as at the end of the reporting period	139,750	791

III. CONFIRMATION OF COMPLIANCE WITH THE REQUIREMENT OF SUFFICIENCY OF PUBLIC FLOAT UNDER THE *HONG KONG LISTING RULES*

Based on publicly available information and to the knowledge of the Directors, as at 30 June 2025, the Bank had maintained the minimum public float as required by the *Hong Kong Listing Rules* and the waiver granted by SEHK at the time of its listing.

IV. SHAREHOLDING OF TOP TEN ORDINARY SHAREHOLDERS

Unit: Share, %

Name of shareholder	Nature of shareholder	Change in the reporting period	Class of shares	Number of shares	Shareholding percentage	Number of shares pledged/ marked/frozen
China Everbright Group Ltd.	State-owned legal person	41,323,600	A shares	24,349,756,541	41.21	–
		–	H shares	1,782,965,000	3.02	–
Hong Kong Securities Clearing Company Nominees Limited	Overseas legal person	349,300	H shares	5,238,760,370	8.87	Unknown
Including: Ocean Fortune Investment Limited	Overseas legal person	–	H shares	1,605,286,000	2.72	–
China CITIC Financial Asset Management Corporation Limited	State-owned legal person	263,619,600	A shares	4,448,301,988	7.53	–
		238,536,000	H shares	238,536,000	0.40	–
Overseas Chinese Town Holdings Company	State-owned legal person	–	H shares	4,200,000,000	7.11	2,058,480,000 shares pledged
China Everbright Limited	Overseas legal person	–	A shares	1,572,735,868	2.66	–
China Life Reinsurance Company Ltd.	State-owned legal person	–	H shares	1,530,397,000	2.59	–
Hong Kong Securities Clearing Company Limited	Overseas legal person	175,477,725	A shares	1,340,124,189	2.27	–
China Securities Finance Corporation Limited	State-owned legal person	–	A shares	989,377,094	1.67	–
China Reinsurance (Group) Corporation	State-owned legal person	–	A shares	413,094,619	0.70	–
		–	H shares	376,393,000	0.64	–
Shenergy (Group) Co., Ltd.	State-owned legal person	–	A shares	766,002,403	1.30	–

Changes in Share Capital and Shareholders

Notes:

1. As at the end of the reporting period, all ordinary shares of the Bank were not subject to restrictions on sales.
2. As at the end of the reporting period, the total number of H shares of the Bank held by the Hong Kong Securities Clearing Company Nominees Limited acting as the nominee for all institutional and individual investors that maintain an account with it was 5,238,760,370 H shares. Among them, 1,605,286,000, 282,684,000, 238,536,000 and 172,965,000 H shares of the Bank were held by Ocean Fortune Investment Limited, China Life Reinsurance Company Ltd., China CITIC Financial Asset Management Corporation Limited and China Everbright Group Ltd., respectively. The number of remaining H shares of the Bank held under it was 2,939,289,370 H shares.
3. The Bank was aware that, as at the end of the reporting period, China Everbright Limited is a subsidiary indirectly controlled by China Everbright Group Ltd. China Life Reinsurance Company Ltd. is a wholly-owned subsidiary of China Reinsurance (Group) Corporation. Both COSCO Shipping (Shanghai) Investment Management Co., Ltd. and Ocean Fortune Investment Limited are subsidiaries indirectly controlled by China COSCO Shipping Corporation Limited. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above shareholders.
4. As at the end of the reporting period, Hong Kong Securities Clearing Company Limited held 1,340,124,189 A shares of the Bank designated by and on behalf of others as the nominee, including shares under the Shanghai Stock Connect held by Hong Kong and overseas investors.
5. The Bank had no special repurchase account. There was no delegation, entrustment or abstention of voting rights. No strategic investors or general legal persons became top ten shareholders due to rights issue. There was no difference in the arrangement of voting rights.
6. As at the end of the reporting period, the top ten shareholders neither lent any shares of the Bank to engage in refinancing business nor held any shares of the Bank using credit accounts.

V. SUBSTANTIAL ORDINARY SHAREHOLDERS

i. Controlling shareholder

As the Bank's controlling shareholder, CEG directly holds 44.23% of the Bank's shares. The controlling shareholder of CEG is CHI with 63.16% shareholding. The shares of the Bank held by CEG were not pledged, marked or frozen.

ii. Substantial shareholders holding more than 5% shares of the Bank

1. China CITIC Financial Asset Management Co., Ltd. directly holds 7.93% shares of the Bank. As one of the Bank's substantial shareholders, the company's substantial shareholders are CITIC Group with 26.46% shareholding, MOF with 24.76% shareholding, and Zhongbao Rongxin Private Equity Fund Management Co., Ltd. with 18.08% shareholding. The shares of the Bank held by the company were not pledged, marked or frozen.
2. Overseas Chinese Town Holdings Company ("OCT Group") directly holds 7.11% shares of the Bank. As one of the Bank's substantial shareholders, the company's controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of China with 90% shareholding. As at the disclosure date of this report, the company had pledged 2,058,480,000 ordinary H shares of the Bank, accounting for 49.01% of its total shareholding at the Bank and 3.48% of the Bank's total share capital. The shares of the Bank held by the company were not marked or frozen.

iii. Other substantial shareholders under regulatory standards

In accordance with the *Interim Measures for Equity Management of Commercial Banks* (Decree No. 1 of CBRC in 2018), substantial shareholders of the Bank also include:

1. China COSCO Shipping Corporation Limited (“COSCO Shipping”) indirectly holds a total of 3.94% shares of the Bank through its subsidiaries COSCO Shipping (Shanghai) Investment Management Co., Ltd. and Ocean Fortune Investment Limited and dispatches a Director to the Bank, thus imposing a substantial influence on the Bank. The controlling shareholder of COSCO Shipping is the State-owned Assets Supervision and Administration Commission of the State Council of China with 90% shareholding. The shares of the Bank held by the two companies above were not pledged, marked or frozen.
2. China Reinsurance (Group) Corporation directly and indirectly holds 3.93% shares of the Bank and dispatches a Director to the Bank, thus imposing a substantial influence on the Bank. Its controlling shareholder is CHI with 71.56% shareholding. The shares of the Bank held by the company were not pledged, marked or frozen.
3. Shenergy (Group) Co., Ltd. directly holds 1.30% shares of the Bank and dispatches a Supervisor to the Bank, thus imposing a substantial influence on the Bank. Its controlling shareholder is Shanghai Municipal State-owned Assets Supervision and Administration Commission with 100% shareholding. The shares of the Bank held by the company were not pledged, marked or frozen.

iv. Related party transactions with substantial shareholders

In accordance with the *Interim Measures for Equity Management of Commercial Banks*, the Bank had treated about 2,900 enterprises as related parties, including the above-mentioned substantial shareholders and their controlling shareholders, de facto controllers, related parties, persons acting in concert and ultimate beneficiaries. During the reporting period, the Bank entered into 16 related party transactions with 16 related parties, with the approved amount totaling about RMB70,557 million. The above-mentioned related party transactions had been reported to the Board of Directors and its Related Party Transaction Control Committee of the Bank for approval or filing in accordance with relevant procedures.

Changes in Share Capital and Shareholders

VI. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE BANK UNDER HONG KONG LAWS AND REGULATIONS

As at the end of the reporting period, as far as Directors and Supervisors of the Bank were aware, the following persons or corporations (excluding Directors, Supervisors or Chief Executives of the Bank) had interests or short positions in the shares or underlying shares of the Bank as recorded in the register of interests in shares and short positions required to be kept under section 336 of the *Securities and Futures Ordinance of Hong Kong* (“HKSF”), or which were required to be notified to the Bank:

Name of substantial shareholder	Class of shares	Type of interest	Long/short position	Number of shares	Percentage of relevant shares in issue (%) ^{5,6}	Percentage of the total issued shares (%) ^{5,6}
China COSCO Shipping Corporation Limited ¹	H shares	Interest of controlled corporation	Long position	1,605,286,000	12.66	2.72
China Shipping (Group) Company ¹	H shares	Interest of controlled corporation	Long position	1,605,286,000	12.66	2.72
COSCO Shipping Financial Holdings Co., Limited ¹	H shares	Interest of controlled corporation	Long position	1,605,286,000	12.66	2.72
Ocean Fortune Investment Limited ¹	H shares	Beneficial owner	Long position	1,605,286,000	12.66	2.72
Central Huijin Investment Ltd. ²	H shares	Interest of controlled corporation	Long position	3,773,385,000	29.76	6.39
China Everbright Group Ltd. ²	H shares	Beneficial owner/ Interest of controlled corporation	Long position	1,866,595,000	14.72	3.16
China Reinsurance (Group) Corporation ²	H shares	Beneficial owner/ Interest of controlled corporation	Long position	1,906,790,000	15.04	3.23
China Life Reinsurance Company Ltd. ²	H shares	Beneficial owner	Long position	1,530,397,000	12.07	2.59
Overseas Chinese Town Holdings Company ³	H shares	Beneficial owner	Long position	4,200,000,000	33.13	7.11
China Reform Holdings Corporation Ltd. ³	H shares	Person having a security interest in shares	Long position	2,058,480,000	16.24	3.48
China CITIC Financial Asset Management Co., Ltd.	H shares	Beneficial owner	Long position	238,536,000	1.88	0.40
China Everbright Group Ltd. ⁴	A shares	Beneficial owner/ Interest of controlled corporation	Long position	26,139,048,567	56.33	44.24
Central Huijin Investment Ltd. ⁴	A shares	Interest of controlled corporation	Long position	27,168,472,186	58.54	45.98
China CITIC Financial Asset Management Co., Ltd.	A shares	Beneficial owner	Long position	4,448,301,988	9.59	7.53

Notes:

1. Ocean Fortune Investment Limited directly holds a long position in 1,605,286,000 H shares of the Bank. As far as the Bank was aware, Ocean Fortune Investment Limited is wholly-owned by COSCO Shipping Financial Holdings Co., Limited, which is wholly-owned by China Shipping (Group) Company. And China Shipping (Group) Company is wholly-owned by China COSCO Shipping Corporation Limited. In accordance with the *HKSFO*, China COSCO Shipping Corporation Limited, China Shipping (Group) Company and COSCO Shipping Financial Holdings Co., Limited are all deemed to have interests in the 1,605,286,000 H shares held by Ocean Fortune Investment Limited.
2. China Life Reinsurance Company Ltd. directly holds a long position in 1,530,397,000 H shares of the Bank. China Reinsurance (Group) Corporation directly holds a long position in 376,393,000 H shares of the Bank. CEG directly holds a long position in 1,782,965,000 H shares of the Bank. China Everbright Holdings Company Limited directly holds a long position in 83,630,000 H shares of the Bank. As far as the Bank was aware, China Life Reinsurance Company Ltd. is wholly-owned by China Reinsurance (Group) Corporation, while 71.56% of the issued share capital of China Reinsurance (Group) Corporation is held by CHI. China Everbright Holdings Company Limited is wholly-owned by CEG, while 63.16% of the issued share capital of CEG is held by CHI. In accordance with the *HKSFO*, China Reinsurance (Group) Corporation is deemed to have interests in the 1,530,397,000 H shares held by China Life Reinsurance Company Ltd., while CEG is deemed to have interests in the 83,630,000 H shares held by China Everbright Holdings Company Limited. Therefore, CHI is deemed to indirectly have interests in a total of 3,773,385,000 H shares of the Bank.
3. Overseas Chinese Town Holdings Company directly holds a long position in the 4,200,000,000 H shares of the Bank. In January 2025, Overseas Chinese Town Holdings Company pledged the 2,058,480,000 H shares of the Bank held by it to China Reform Holdings Corporation Ltd.
4. CEG directly holds a long position in 24,349,756,541 A shares of the Bank, and is deemed to indirectly hold a long position in a total of 1,789,292,026 A shares of the Bank through its subsidiaries as follows:
 - (1) China Everbright Limited directly holds a long position in 1,572,735,868 A shares of the Bank.
 - (2) Meiguang Enyu (Shanghai) Properties Company Limited directly holds a long position of 148,156,258 A shares of the Bank.
 - (3) China Everbright Investment and Assets Management Co., Ltd. directly holds a long position of 8,000,000 A shares of the Bank.
 - (4) Everbright Financial Holding Asset Management Co., Ltd. directly holds a long position of 60,399,900 A shares of the Bank.

Therefore, CEG directly and indirectly holds a long position of 26,139,048,567 A shares of the Bank in total.

China Reinsurance (Group) Corporation and Central Huijin Asset Management Ltd. directly hold a long position of 413,094,619 and 616,329,000 A shares of the Bank, respectively. As far as the Bank was aware, CHI held 100%, 71.56% and 63.16% of the issued share capital of Central Huijin Asset Management Ltd., China Reinsurance (Group) Corporation and China Everbright Group Ltd., respectively. In accordance with the *HKSFO*, CHI is deemed to hold a long position in 616,329,000 A shares held by Central Huijin Asset Management Ltd., a long position in 413,094,619 A shares held by China Reinsurance (Group) Corporation, and a long position in 26,139,048,567 A shares held by China Everbright Group Ltd. Therefore, CHI indirectly holds a long position in a total of 27,168,472,186 A shares of the Bank.

5. As at 30 June 2025, the issued share capital of the Bank was 59,085,551,061 shares, including 46,406,815,561 A shares and 12,678,735,500 H shares.
6. The percentage of shareholdings is rounded to two decimal places.
7. The data disclosed above is based on the information provided on the website of HKEXnews and the information obtained by the Bank as at the end of the reporting period.

Save as disclosed above, as at the end of the reporting period, the Bank had not been notified by any person who had interests or short positions in the shares or underlying shares of the Bank which were required to be disclosed to the Bank under Divisions 2 and 3 of Part XV of the *HKSFO*, or which were recorded in the register of interests in shares and short positions required to be kept by the Bank under section 336 of the *HKSFO*.

Changes in Share Capital and Shareholders

VII. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK UNDER HONG KONG LAWS AND REGULATIONS

As at the end of the reporting period, as far as Directors and Supervisors of the Bank were aware, none of Directors, Supervisors and Chief Executives of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in the *HKSFO*) which were recorded in the register of interests in shares and short positions required to be kept by the Bank under section 352 of the *HKSFO*, or which were required to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the *HKSFO*, or which were required to be notified to the Bank and SEHK pursuant to the *Model Code*. None of Directors, Supervisors or Chief Executives of the Bank was granted a right to acquire any interest in the shares or debentures of the Bank or any of its relevant corporations.

VIII. ISSUANCE AND LISTING OF PREFERENCE SHARES

During the reporting period, the Bank did not issue or list any new preference shares, and all the existing preference shares were listed on the SSE Comprehensive Business Platform for trading.

IX. TOTAL NUMBER OF PREFERENCE SHAREHOLDERS AND SHAREHOLDINGS OF TOP TEN PREFERENCE SHAREHOLDERS

i. Everbright P1 (Code: 360013)

Unit: Shareholder, Share, %

Total number of shareholders as at the end of the reporting period					24	
Name of shareholder	Nature of shareholder	Change in shareholding during the reporting period	Number of shares held	Percentage of shareholding	Class of shares	Number of shares pledged/ marked/ frozen
China Fund Management Co., Ltd.	Others	21,507,000	34,257,981	17.13	Domestic preference shares	–
Everbright Securities Asset Management Co., Ltd.	Others	–	24,200,000	12.10	Domestic preference shares	–
China Resources SZITIC Trust Co., Ltd.	Others	9,551,500	19,282,500	9.64	Domestic preference shares	–
Hwabao Trust Co., Ltd.	Others	-23,073,600	17,696,400	8.85	Domestic preference shares	–
Shanghai International Trust Corp., Ltd.	Others	14,013,600	14,013,600	7.01	Domestic preference shares	–
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	–	10,000,000	5.00	Domestic preference shares	–
Ping An Life Insurance Company of China, Ltd.	Others	–	10,000,000	5.00	Domestic preference shares	–
AVIC Trust Co., Ltd.	Others	–	7,750,000	3.88	Domestic preference shares	–
China Fortune Securities Co., Ltd.	Others	7,700,000	7,700,000	3.85	Domestic preference shares	–
China Credit Trust Co., Ltd.	Others	130,000	7,260,000	3.63	Domestic preference shares	–

Note:

Everbright Securities Asset Management Co., Ltd. is a related party of China Everbright Group Ltd. and China Everbright Limited. Ping An Property & Casualty Insurance Company of China, Ltd. and Ping An Life Insurance Company of China, Ltd. are related parties. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above preference shareholders, as well as between the above preference shareholders and the top ten ordinary shareholders.

ii. Everbright P2 (Code: 360022)

Unit: Shareholder, Share, %

Total number of shareholders as at the end of the reporting period					21	Number of shares pledged/ marked/ frozen
Name of shareholder	Nature of shareholder	Change in shareholding during the reporting period	Number of shares held	Percentage of shareholding	Class of shares	
China Resources SZITIC Trust Co., Ltd.	Others	–	18,260,000	18.26	Domestic preference shares	–
AVIC Trust Co., Ltd.	Others	–	16,470,000	16.47	Domestic preference shares	–
China Everbright Group Ltd.	State-owned legal person	–	10,000,000	10.00	Domestic preference shares	–
Guangdong Yuecai Trust Co., Ltd.	Others	–	9,780,000	9.78	Domestic preference shares	–
China Fund Management Co., Ltd.	Others	3,910,000	8,210,000	8.21	Domestic preference shares	–
China Life Insurance Company Limited	Others	–	8,180,000	8.18	Domestic preference shares	–
Everbright Securities Asset Management Co., Ltd.	Others	–	7,790,000	7.79	Domestic preference shares	–
Postal Savings Bank of China Co., Ltd.	Others	–	7,150,000	7.15	Domestic preference shares	–
BOCOM Schroders Asset Management Co., Ltd.	Others	-100,000	6,540,000	6.54	Domestic preference shares	–
CCB Trust Co., Ltd.	Others	–	1,630,000	1.63	Domestic preference shares	–
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	–	1,630,000	1.63	Domestic preference shares	–

Note:

China Everbright Group Ltd. is the controlling shareholder of the Bank. China Everbright Limited is a subsidiary indirectly controlled by China Everbright Group Ltd. Everbright Securities Asset Management Co., Ltd. is a related party of China Everbright Group Ltd. and China Everbright Limited. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above preference shareholders, as well as between the above preference shareholders and the top ten ordinary shareholders.

Changes in Share Capital and Shareholders

iii. Everbright P3 (Code: 360034)

Unit: Shareholder, Share, %

Total number of shareholders as at the end of the reporting period					27	Number of shares pledged/ marked/ frozen
Name of shareholder	Nature of shareholder	Change in shareholding during the reporting period	Number of shares held	Percentage of shareholding	Class of shares	
Ping An Life Insurance Company of China, Ltd.	Others	–	84,110,000	24.03	Domestic preference shares	–
Everbright Securities Asset Management Co., Ltd.	Others	–	54,225,000	15.49	Domestic preference shares	–
China Life Insurance Company Limited	Others	–	47,720,000	13.63	Domestic preference shares	–
New China Life Insurance Company Limited	Others	–	27,270,000	7.79	Domestic preference shares	–
Ping An Property & Casualty Insurance Company of China, Ltd.	Others	–	18,180,000	5.19	Domestic preference shares	–
CITIC-Prudential Life Insurance Company Limited	Others	–	15,000,000	4.29	Domestic preference shares	–
China Foreign Economy and Trade Trust Co., Ltd.	Others	–	13,637,500	3.90	Domestic preference shares	–
Hwabao Trust Co., Ltd.	Others	900,000	11,756,667	3.36	Domestic preference shares	–
Shanghai Guotai Junan Securities Asset Management Co., Ltd.	Others	–	9,090,000	2.60	Domestic preference shares	–
Taiping Life Insurance Co., Ltd.	Others	–	9,090,000	2.60	Domestic preference shares	–

Note:

Everbright Securities Asset Management Co., Ltd. is a related party of China Everbright Group Ltd. and China Everbright Limited. Ping An Life Insurance Company of China, Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd. are related parties. China CITIC Prudential Life Insurance Co., Ltd. and China CITIC Financial Asset Management Co., Ltd. are related parties. Save for the above, the Bank was not aware of any related party relationship or concerted actions among the above preference shareholders, as well as between the above preference shareholders and the top ten ordinary shareholders.

X. PROFIT DISTRIBUTION FOR PREFERENCE SHARES

On 15 January 2025, as approved by the 24th Meeting of the Ninth Session of the Board of Directors of the Bank, the Bank distributed dividends to the shareholders of Everbright P3 shareholders. For the period from 1 January 2024 to 17 July 2024, the dividends were calculated at the initial coupon rate of 4.80%, and for the period from 18 July 2024 to 31 December 2024, the dividends were calculated at the reset coupon rate of 3.77%. In total, the amount of dividends distributed was RMB1,516 million (tax included).

On 25 June 2025, as approved by the 28th Meeting of the Ninth Session of the Board of Directors of the Bank, the Bank distributed dividends to the shareholders of Everbright P1 at a coupon rate of 4.45% with a total amount of RMB890 million (tax included).

On 11 August 2025, as approved by the 28th Meeting of the Ninth Session of the Board of Directors of the Bank, the Bank distributed dividends to the shareholders of Everbright P2 at a coupon rate of 4.01% with a total amount of RMB401 million (tax included).

XI. DURING THE REPORTING PERIOD, THERE WAS NO REPURCHASE OF PREFERENCE SHARES OR CONVERSION OF PREFERENCE SHARES INTO ORDINARY SHARES BY THE BANK.

XII. DURING THE REPORTING PERIOD, THERE WAS NO VOTING RIGHT RESTORATION IN THE PREFERENCE SHARES OF THE BANK.

XIII. ACCOUNTING POLICIES FOR PREFERENCE SHARES OF THE BANK AND REASONS FOR ADOPTION

According to the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Enterprises No. 37 – Presentation of Financial Instruments* promulgated by MOF, the preference shares issued by the Bank were accounted for as an equity instrument.

Directors, Supervisors, Senior Management, Staff and Business Outlets

I. DURING THE REPORTING PERIOD, NONE OF INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE BANK AND THOSE WHO RESIGNED DURING THE REPORTING PERIOD HELD SHARES OR STOCK OPTIONS ON THE BANK'S SHARES OR WERE GRANTED ANY RESTRICTED SHARES.

II. AS AT THE END OF THE REPORTING PERIOD, THE BANK DID NOT IMPLEMENT ANY STOCK INCENTIVE PLAN OR EMPLOYEE STOCK OWNERSHIP PLAN.

III. BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Board of Directors of the Bank consisted of 16 members, including 3 Executive Directors (Mr. Hao Cheng, Ms. Qi Ye and Mr. Yang Bingbing), 7 Non-executive Directors (Mr. Wu Lijun, Mr. Cui Yong, Mr. Qu Liang, Mr. Zhu Wenhui, Mr. Yao Wei, Mr. Zhang Mingwen and Mr. Li Wei), and 6 Independent Non-executive Directors (Mr. Shao Ruiqing, Mr. Hong Yongmiao, Mr. Li Yinquan, Mr. Liu Shiping, Mr. Huang Zhiling and Mr. Huang Zhenzhong).

The Board of Supervisors of the Bank consisted of 6 members, including 1 Shareholder Supervisor (Mr. Wu Junhao), 2 External Supervisors (Mr. Qiao Zhimin and Ms. Chen Qing) and 3 Employee Supervisors (Mr. Shang Wencheng, Mr. Yang Wenhua and Mr. Lu Jian).

The Senior Management of the Bank consisted of 7 members (Mr. Hao Cheng, Ms. Qi Ye, Mr. Song Bingfang, Mr. Yang Bingbing, Ms. Liu Yan, Mr. Ma Bo and Mr. Zhang Xuyang).

For details of the resumes of Directors, Supervisors and Senior Management of the Bank, please refer to the *2024 Annual Report* of the Bank. For details of the resume of Mr. Huang Zhenzhong, a newly-appointed Board Director, please refer to the Bank's *Circular of the 2025 First Extraordinary General Meeting*. For details of the resume of Mr. Ma Bo, a newly-appointed Senior Management member, please refer to the *Announcement of Resolutions of the 25th Meeting of the Ninth Session of the Board of Directors*.

IV. NEWLY-APPOINTED AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

i. Newly-appointed or resigned Directors

On 10 April 2025, NFRA approved the qualifications of Mr. Huang Zhenzhong as Independent Non-executive Director of the Bank.

ii. There was no newly-appointed or resigned Supervisor during the reporting period.

iii. Newly-appointed or resigned Senior Management members

- On 14 January 2025, due to work adjustment, Mr. Wu Jian ceased to serve as Deputy Secretary of the CPC Committee, and Secretary of Discipline Inspection Committee of the Bank.
- On 14 January 2025, Mr. Song Bingfang started to serve as Member of the CPC Committee, and Secretary of Discipline Inspection Committee of the Bank.
- On 30 April 2025, NFRA approved the qualifications of Mr. Ma Bo as Chief Risk Officer of the Bank.

V. CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

Mr. Liu Shiping, Independent Non-executive Director of the Bank, ceased to serve as External Supervisor of Fujian OneBank Company Limited.

VI. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS AND SERVICE CONTRACTS

None of Directors or Supervisors of the Bank had any material interests in any material contract by the Bank or its subsidiaries during the reporting period. None of Directors or Supervisors of the Bank entered into any service contract, pursuant to which the Bank shall compensate Directors or Supervisors if the Bank terminates the contract within a certain year (excluding statutory compensation).

VII. EMPLOYEES AND BUSINESS OUTLETS

As at the end of the reporting period, the Bank had 47,520 incumbent employees, including 953 employees in subsidiaries.

The geographical distribution of the Bank's staff is as follows: 7,903 employees in Bohai Rim, 7,150 employees in Yangtze River Delta, 6,211 employees in Pearl River Delta, 7,678 employees in Central China, 6,494 employees in Western China, 3,752 employees in Northeastern China, and 396 employees in overseas institutions.

The Bank's employee remuneration consists of basic remuneration, performance-based remuneration and welfare income. Among them, basic remuneration is determined according to the value of position, years of service and employees' duty performance ability, and performance-based remuneration is linked to the performance assessment results of the employees and their institutions. The remuneration of employees in the audit, legal compliance and risk management departments of the Bank is determined based on their value contribution, duty performance ability and work performance, which has no direct relation with the businesses they supervise, so that they remain independent from other business sectors.

The Bank continually improved its independent talent cultivation system with a focus on both political literacy and business capability, innovated training modes, enriched training contents, strengthened standardized training management, and promoted the building of Bank-wide professional talent pools and talent cultivation in a coordinated manner. Furthermore, the Bank formulated training plans for all business segments, enhanced digital study platform construction ("Sunshine Academy"), and created quality training projects.

For details of the departmental setup of the Bank, please refer to the *2024 Annual Report* of the Bank. During the reporting period, the former Everbright Research Institute was set up independently and renamed Everbright Finance Research Institute, working together with Postdoctoral Workstation as one office while keeping separate identities. Therefore, the full department name became Everbright Finance Research Institute/Postdoctoral Workstation. There was no change in the setup of other departments.

In the domestic market, as at the end of the reporting period, the Bank had 1,321 branches and outlets, including 39 tier-1 branches, 116 tier-2 branches and 1,166 outlets, and 406 community banks (16 community banks less as compared with the end of the previous year). The outlets of the Bank extended business reach to 150 economic center cities, covering all provincial administrative regions.

In the overseas market, as at the end of the reporting period, the Bank had 7 overseas branch outlets, including Hong Kong Branch, Seoul Branch, Luxembourg Branch, Sydney Branch, Macao Branch, Melbourne Branch and Tokyo Representative Office.

Directors, Supervisors, Senior Management, Staff and Business Outlets

Details of the Bank's branch outlets (excluding subsidiaries) are as follows:

Regional division	Institution name	Number of outlets	Total assets (RMB million)	Address
Headquarters	Head Office	1	4,061,215	China Everbright Center, No. 25 Taipingqiao Street, Xicheng District, Beijing
	Credit Card Center	1	360,813	Zhonghuixiyuan Mansion, Building 1, No. 6, Zhengda Road, Shijingshan District, Beijing
Bohai Rim	Beijing Branch	75	853,823	No. 1 Xuanwumen Inner Street, Xicheng District, Beijing
	Tianjin Branch	34	99,822	Annex Building of Zhonglian Building, No. 83 Qufu Avenue, Heping District, Tianjin
	Shijiazhuang Branch	55	124,338	No. 56 Yuhua East Road, Qiaodong District, Shijiazhuang
	Jinan Branch	39	87,802	No. 85 Jingqi Road, Shizhong District, Jinan
	Qingdao Branch	35	91,335	No. 69 Hongkong West Road, Shinan District, Qingdao
	Yantai Branch	16	74,113	No. 111 Nandajie Street, Zhifu District, Yantai
Yangtze River Delta	Shanghai Branch	57	429,115	No. 1118 Century Avenue, Pudong New Area, Shanghai
	Nanjing Branch	69	351,655	No. 120 Hanzhong Road, Gulou District, Nanjing
	Hangzhou Branch	47	283,958	Zheshang Times Building, No. 1 Miduqiao Road, Gongshu District, Hangzhou
	Suzhou Branch	20	154,288	No. 188 Xinghai Street, Industrial Park District, Suzhou
	Ningbo Branch	19	82,622	Building 1, Hengfu Plaza, No. 828 Fuming Road, Jiangdong District, Ningbo
	Wuxi Branch	10	116,530	No. 1 Renmin Middle Road, Chong'an District, Wuxi
Pearl River Delta	Guangzhou Branch	91	341,466	No. 685 Tianhe North Road, Tianhe District, Guangzhou
	Shenzhen Branch	49	286,764	No. 18 Zizhuqi Avenue, Zhuzilinsi Road, Futian District, Shenzhen
	Fuzhou Branch	40	126,206	Building 1, Zhengxiang Center, No. 153 Wuyi North Road, Gulou District, Fuzhou
	Xiamen Branch	17	52,784	No. 160 Hubin Middle Road, Siming District, Xiamen
	Haikou Branch	23	46,682	Jinlong City Plaza Building, South of Jinlong Road, Longhua District, Haikou

Regional division	Institution name	Number of outlets	Total assets (RMB million)	Address
Central China	Zhengzhou Branch	52	132,276	No. 22 Middle Ring Road, Financial Island, Zhengzhou Area (Zhengdong) of Henan Pilot Free Trade Zone, Zhengzhou
	Taiyuan Branch	40	124,200	No. 295 Yingze Street, Yingze District, Taiyuan
	Changsha Branch	62	148,847	No. 142 Section 3 of Furong Middle Road, Tianxin District, Changsha
	Wuhan Branch	41	135,589	No. 143-144 Yanjiang Avenue, Jiang'an District, Wuhan
	Hefei Branch	56	210,977	No. 200 Changjiang West Road, Shushan District, Hefei
	Nanchang Branch	32	101,697	No. 1333 Fenghezhong Avenue, Honggutan New Area, Nanchang
Western China	Xi'an Branch	39	82,510	Tower B, Silk Road International Financial Center, No. 1 Taoyuan South Road, Lianhu District, Xi'an
	Chengdu Branch	31	97,590	No. 79 Dacisi Road, Jinjiang District, Chengdu
	Chongqing Branch	26	128,232	No. 168 Minzu Road, Yuzhong District, Chongqing
	Kunming Branch	22	62,561	No. 28 Renmin Middle Road, Wuhua District, Kunming
	Nanning Branch	29	72,101	Taiping Financial Mansion, No. 16 Songxiang Road, Liangqing District, Nanning
	Huhhot Branch	19	37,835	Tower D, Dongfangjunzuo, Chilechuan Street, Saihan District, Huhhot
	Urumqi Branch	8	23,379	No. 177 Jiefang North Road, Tianshan District, Urumqi
	Guiyang Branch	13	44,168	West Tower III, Financial Center, Zone B, Convention and Exhibition City, Changling North Road, Guanshanhu District, Guiyang
	Lanzhou Branch	11	26,613	No. 555 Donggang West Road, Chengguan District, Lanzhou
	Xining Branch	2	7,872	No. 57-7 Wusi West Road, Chengxi District, Xining
	Yinchuan Branch	5	8,900	No. 219 Jiefang West Road, Xingqing District, Yinchuan
	Lhasa Branch	2	7,497	Taihe International Culture Square, No. 7 Jinzhu Middle Road, Chengguan District, Lhasa

Directors, Supervisors, Senior Management, Staff and Business Outlets

Regional division	Institution name	Number of outlets	Total assets (RMB million)	Address
Northeastern China	Heilongjiang Branch	38	58,181	No. 278 Dongdazhi Street, Nangang District, Harbin
	Changchun Branch	35	39,913	No. 2677 Jiefang Road, Chaoyang District, Changchun
	Shenyang Branch	39	55,189	No. 156 Heping North Street, Heping District, Shenyang
	Dalian Branch	23	29,041	No. 4 Wuwu Road, Zhongshan District, Dalian
Overseas	Hong Kong Branch	1	161,993	23/F, Everbright Center, 108 Gloucester Road, Wan Chai, Hong Kong SAR
	Seoul Branch	1	39,092	23/F, Youngpoong Building, 41 Cheonggyecheon-ro, Jongro-ku, Seoul, Republic of Korea
	Luxembourg Branch	1	22,571	10 Avenue Emile Reuter, Luxembourg City, Grand Duchy of Luxembourg
	Sydney Branch	2	37,934	28/F, International Tower 1, 100 Barangaroo Avenue, Sydney, New South Wales, Commonwealth of Australia
	Macao Branch	1	12,921	23/F, Finance and IT Center of Macao, 320 Avenida Doutor Mario Soares, Macao SAR
	Tokyo Representative Office	1	–	1 Chome-4-1 Marunouchi, Chiyoda City, Tokyo, Japan
Consolidation adjustment			(2,851,785)	
Total		1,330	7,083,225	

Corporate Governance

I. OVERVIEW

During the reporting period, the Board of Directors of the Bank focused on serving the five target areas of finance and serving the real economy and other major national strategies, promoted and strengthened coordination and collaboration, and set up Everbright Finance Research Institute. The Bank proactively responded to the initiative of “creating returns through quality and efficiency improvement” by formulating valuation improvement plans to boost investor confidence. The Bank implemented regulatory requirements to work on the revision of the *Articles of Association* of the Bank and the reform of the Board of Supervisors. The Bank actively fulfilled social responsibilities and supported targeted assistance through donations. The Bank continuously optimized the management mechanism of related party transactions and strictly reviewed material related party transactions.

During the reporting period, the Board of Supervisors of the Bank continuously carried out annual duty performance evaluation of the Board of Directors, Board of Supervisors, Senior Management and their members, promoting effective performance of duties by all parties. The Board of Supervisors reviewed the periodic reports and profit distribution plans of the Bank, effectively conducting oversight over the Bank’s finance. The Board of Supervisors listened to reports on the implementation of strategies in a timely manner, continuously strengthening supervision over the Bank’s development strategies. The Board of Supervisors continuously improved the quality and efficiency of supervision over internal control and risk management, offering suggestions for key supervision areas with professional suggestions. The Board of Supervisors continued to strengthen self-building, providing strong supervision support for the sustainable and healthy development of the Bank.

The Bank’s corporate governance had no major deviation from the *Company Law* and the relevant provisions of the CSRC, NFRA and SEHK.

II. SHAREHOLDERS’ GENERAL MEETINGS

The Bank convenes shareholders’ general meetings in strict accordance with the *Articles of Association* and the *Rules of Procedure of the Shareholders’ General Meetings* to ensure shareholders’ general meetings make decisions on material matters according to law, so as to effectively safeguard shareholders’ legitimate rights and interests. During the reporting period, the Bank convened 1 extraordinary general meeting and 1 annual general meeting. The details are as follows:

On 7 January 2025, the Bank convened the 2025 First Extraordinary General Meeting in Beijing, during which 5 proposals were considered and approved, including the interim profit distribution plan for 2024, material related party transactions, amendments to the *Authorization Plan of Shareholders’ General Meetings to the Board of Directors*, and election of Directors.

On 27 June 2025, the Bank convened the 2024 Annual General Meeting in Beijing, during which 9 proposals were considered and approved, including the work report of the Board of Directors, the work report of the Board of Supervisors, the final accounts, the fixed asset investment budget, the engagement of accounting firms, the profit distribution plan, the remuneration of Directors and Supervisors, and the paired assistance through donations, and listened to 6 reports.

The calling, notification, convening and voting procedures of the above-mentioned meetings were in conformity with the provisions of the *Company Law*, the listing rules of the place where the Bank was listed, and the *Articles of Association* of the Bank. The legal advisor engaged by the Board of Directors of the Bank witnessed the above-mentioned meetings, and the A share lawyer issued legal opinions.

For details of the duties of shareholders’ general meetings, please refer to the *Articles of Association* of the Bank.

Corporate Governance

III. BOARD OF DIRECTORS AND ITS SPECIAL COMMITTEES

i. Meetings of the Board of Directors

During the reporting period, the Board of Directors of the Bank convened 6 meetings including 4 on-site meetings (24th, 25th, 26th and 28th Meetings of the Ninth Session of the Board of Directors) and 2 meetings via written resolutions (27th and 29th Meetings of the Ninth Session of the Board of Directors). The Board of Directors considered 56 proposals and listened to 33 reports, playing an effective role in making decisions in a well-conceived manner.

For details of the duties of the Board of Directors, please refer to the *Articles of Association* of the Bank.

ii. Meetings of Special Committees of the Board of Directors

The Special Committees of the Board of Directors convened a total of 24 meetings, including 3 meetings of the Strategy Committee, 3 meetings of the Audit Committee, 6 meetings of the Risk Management Committee, 1 meeting of the Nomination Committee, 1 meeting of the Remuneration Committee, 5 meetings of the Related Party Transaction Control Committee, and 5 meetings of the Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee. These meetings considered a total of 45 proposals and listened to 33 reports.

iii. Attendance of Directors at the Meetings of the Board of Directors

Director	Special Committees of the Board of Directors								Social Responsibility, Inclusive Finance Development and Consumer Rights and Interests Protection Committee
	Shareholders' General Meeting	Board of Directors	Strategy Committee	Audit Committee	Risk Management Committee	Nomination Committee	Remuneration Committee	Related Party Transaction Control Committee	
Number of attendance in person/Number of meetings during the term of office									
Incumbent Directors									
Wu Lijun	2/2	5/6	2/3	—	—	1/1	—	—	—
Cui Yong	2/2	6/6	3/3	—	—	—	—	—	—
Hao Cheng	2/2	6/6	3/3	—	6/6	—	—	—	5/5
Qu Liang	2/2	6/6	—	—	—	—	—	—	5/5
Qi Ye	2/2	6/6	—	—	—	—	—	—	5/5
Yang Bingbing	2/2	5/6	—	—	5/6	—	—	—	—
Zhu Wenhui	0/2	6/6	3/3	3/3	—	—	—	—	—
Yao Wei	0/2	5/6	—	3/3	—	—	—	—	5/5
Zhang Mingwen	2/2	6/6	—	—	6/6	—	—	—	5/5
Li Wei	2/2	6/6	—	—	5/6	—	1/1	—	—
Shao Ruiqing	2/2	6/6	—	3/3	6/6	—	1/1	5/5	—
Hong Yongmiao	2/2	6/6	3/3	—	—	1/1	1/1	5/5	—
Li Yinquan	2/2	6/6	—	3/3	—	1/1	1/1	5/5	—
Liu Shiping	1/2	5/6	2/3	3/3	—	1/1	—	5/5	—
Huang Zhiling	1/2	5/6	—	3/3	6/6	—	—	5/5	5/5
Huang Zhenzhong	1/1	3/3	—	—	—	—	—	2/2	3/3

Notes:

1. Directors newly appointed in 2025 would start to perform their duties after their appointment qualifications were approved by NFRA.
2. For details of the change of Directors, please refer to “Directors, Supervisors, Senior Management, Staff and Business Outlets”.
3. “Number of attendance in person” includes on-site attendance and attendance via written resolutions.
4. Directors who were unable to attend in person the meetings of the Board of Directors and its Special Committees had entrusted other Directors to attend the meetings by proxy and exercise their voting rights.

iv. Work of Independent Non-executive Directors

The Bank had 6 Independent Non-executive Directors, exceeding one-third of the Board members. In accordance with the *Articles of Association* of the Bank, the Remuneration Committee, the Nomination Committee, the Related Party Transaction Control Committee and the Audit Committee of the Board of Directors were all chaired by Independent Non-executive Directors. During the reporting period, they expressed independent opinions on matters involving the interests of minority shareholders, such as the profit distribution plan, remuneration of Directors, material related party transactions, and internal control & audit. In all Board committees, they leveraged their expertise to provide constructive and professional opinions and suggestions on issues under discussion. When the Board of Directors was not in session, the Independent Non-Executive Directors kept themselves well informed of regulatory feedback and the Bank’s strategic implementation, business innovation, internal control & audit, and risk prevention and control by participating in director communication meetings and special research seminars, reviewing the Bank’s internal documents and materials such as the *Reference Information for Directors*, and conducting investigation visits to branches. They actively communicated with other Directors, Supervisors, Senior Management and auditors so as to obtain necessary information to perform their duties. They maintained close contact with the Bank via emails, phone calls and other means of communication. The relevant recommendations of Independent Non-executive Directors were highly regarded and adopted by Senior Management, which played a positive role in further strengthening risk control and promoting business development of the Bank.

IV. BOARD OF SUPERVISORS AND ITS SPECIAL COMMITTEES

i. Meetings of the Board of Supervisors

During the reporting period, the Board of Supervisors of the Bank convened 4 meetings, including 2 on-site meetings (19th and 21st Meetings of the Ninth Session of the Board of Supervisors), and 2 meetings via written resolutions (18th and 20th Meetings of the Ninth Session of the Board of Supervisors). The Board of Supervisors considered 14 proposals and listened to 42 reports, effectively performing supervision duties.

For details of the duties of the Board of Supervisors, please refer to the *Articles of Association* of the Bank.

ii. Meetings of Special Committees of the Board of Supervisors

The Special Committees of the Board of Supervisors convened a total of 6 meetings, including 4 meetings of the Supervision Committee and 2 meetings of the Nomination Committee. These meetings considered 8 proposals and listened to 4 reports.

Corporate Governance

iii. Attendance of Supervisors at Meetings of the Board of Supervisors

Supervisor	Board of Supervisors Number of attendance in person/Number of meetings during the term of office	Special Committees of the Board of Supervisors	
		Nomination Committee	Supervision Committee
Incumbent Supervisors			
Wu Junhao	4/4	—	4/4
Qiao Zhimin	4/4	2/2	4/4
Chen Qing	4/4	2/2	4/4
Shang Wencheng	4/4	—	4/4
Yang Wenhua	3/4	—	3/4
Lu Jian	4/4	2/2	—

Notes:

- For details of the change of Supervisors, please refer to “Directors, Supervisors, Senior Management, Staff and Business Outlets”.
- “Number of attendance in person” includes on-site attendance and attendance via written resolutions.
- Supervisors who were unable to attend in person the meetings of the Board of Supervisors and its special committees had all entrusted other Supervisors to attend the meetings by proxy and exercise their voting rights.

iv. Duty performance of External Supervisors

During the reporting period, External Supervisors of the Bank strictly complied with laws, regulations, regulatory provisions, as well as the requirements of the *Articles of Association* of the Bank, faithfully and diligently performed their duties in accordance with laws and regulations, and attended in person the meetings of the Board of Supervisors and its Special Committees. They were able to independently exercise supervisory powers and express independent, professional and objective opinions on major issues of concern such as material related party transactions, profit distribution, information disclosure, authenticity of financial statements, nomination, selection and appointment of Directors, Supervisors and Senior Management and their remuneration. When the Board of Supervisors was not in session, External Supervisors carefully studied internal documents sent by the Bank, the information on the *Bulletin of the Board of Supervisors* and other materials, participated in anti-money laundering training programs, and obtained relevant information to perform their duties, so as to enhance capabilities. They maintained close contact with the Bank through emails, phone calls and other means. They actively participated in joint investigations with the Board of Directors of the Bank. They paid attention to safeguarding the legitimate rights and interests of minority shareholders and other stakeholders, playing a positive role in the Board of Supervisors’ duty performance.

v. Review of the Interim Report by the Board of Supervisors

The Board of Supervisors reviewed the Interim Report and issued a written review opinion. The Board of Supervisors held that the preparation and review procedures of the *2025 Interim Report* complied with relevant laws, regulations, regulatory requirements, the *Articles of Association* of the Bank and internal management policies. The contents and formats of this report were in compliance with laws, regulations and regulatory requirements, and the information contained in this report truly reflected the Bank’s operation, management and financial position for the first half of 2025. No breach of confidentiality by the personnel involved in the preparation and review of this report was found.

V. SENIOR MANAGEMENT

As at the disclosure date of this report, the Senior Management of the Bank consisted of 7 members, whose duties include carrying out operation and management of the Bank, organizing resources to implement the resolutions of the Board of Directors, implementing the strategic plan, the business plan and the investment plan approved by the Board of Directors, developing plans for setting up the internal management structure and the basic management rules, and formulating specific administrative measures. During the reporting period, focusing on the Bank's development strategy, the Senior Management actively served the real economy and national strategies, strove to serve the five target areas of finance including technology finance, green finance, inclusive finance, pension finance and digital finance, optimized asset and liability management, consolidated customer base, made efforts to cultivate operation characteristics, strengthened risk management and control capabilities, accelerated digital transformation, and advanced high-quality development.

VI. INFORMATION DISCLOSURE

During the reporting period, the Bank issued its *2024 Annual Report* and the *First Quarterly Report of 2025* on schedule, highlighted business features and achievements in these periodic reports, and enriched disclosure contents. The Bank strictly followed information disclosure rules, and fully disclosed ad hoc announcements in a timely manner. In accordance with both domestic and overseas regulatory requirements, the Bank made a total of 49 A share announcements and 67 H share announcements. Meanwhile, the Bank properly conducted insider management and strictly prevented the leakage of sensitive information to ensure investors had fair access to the Bank's information.

VII. INVESTOR RELATIONS MANAGEMENT

During the reporting period, the Bank actively carried out investor relations management through various forms to enhance communication with investors. After the disclosure of the annual performance report, the Bank held the 2024 Annual Report Announcement Meeting via online and offline channels. The Bank communicated and exchanged views with hundreds of investors by receiving institutional investors for research and participating in strategy seminars hosted by domestic and overseas securities firms. The Bank answered over 190 phone calls from domestic and overseas investors and handled over 80 emails for inquiry. The Bank interacted with investors via platforms including "SSE e-interaction", and continuously updated the contents of the Bank's website in both Chinese and English versions to keep investors informed of the Bank's information. With the above-mentioned measures taken, the Bank's communication with shareholders was sufficient and effective.

VIII. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Bank adopted the standards set out in the *Model Code* as the code of conduct to govern the securities transactions by Directors and Supervisors of the Bank. Upon enquiry, all Directors and Supervisors confirmed that they had always complied with the *Model Code* for the six months ended 30 June 2025. The Bank has also formulated guidelines regarding the dealing of the Bank's securities by relevant employees and the guidelines are no less exacting than the *Model Code*. It had not come to the attention of the Bank that any employee was in violation of the guidelines during the reporting period.

IX. STATEMENT ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE HONG KONG LISTING RULES

During the six-month period ended 30 June 2025, the Bank had adopted the principles as stipulated in the *Corporate Governance Code* ("CG Code") contained in Appendix C1 to the *Hong Kong Listing Rules*, and complied with all the code provisions in the CG Code.

以光之名 共筑未来

阳光投行

光大云缴费

阳光财富

阳光科创

阳光交银

阳光金市



Report on Review of Interim Financial Statements

To the board of directors of China Everbright Bank Company Limited
(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the following accompanying interim financial statements of China Everbright Bank Company Limited (the “Bank”) and its subsidiaries (together, the “Group”) set out on pages 82 to 193, which comprises the condensed consolidated statement of financial position as at 30 June 2025 and the condensed consolidated statements of profit or loss, the condensed consolidated statements of comprehensive income, the condensed consolidated statements of changes in equity and the condensed consolidated statements 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 statements 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 this interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial statements based on our review. Our report is made 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*. A review of interim financial statements 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 statements 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

Unaudited Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

	Note III	For the six months ended 30 June	
		2025 Unaudited	2024 Unaudited
Interest income		107,596	119,516
Interest expense		(62,164)	(71,405)
Net interest income	1	45,432	48,111
Fee and commission income		11,812	11,849
Fee and commission expense		(1,369)	(1,316)
Net fee and commission income	2	10,443	10,533
Net trading gains	3	803	1,685
Dividend income		0	0
Net gains arising from investment securities	4	5,693	8,488
Net gains on derecognition of financial assets measured at amortised cost		1,974	140
Net foreign exchange gains/(losses)		710	(6)
Other operating income		896	915
Operating income		65,951	69,866
Operating expenses	5	(19,357)	(19,763)
Credit impairment losses	6	(15,902)	(20,255)
Other impairment losses		(11)	(43)
Operating profit		30,681	29,805
Share of profit of associates and joint ventures		—	10
Profit before tax		30,681	29,815
Income tax	7	(5,940)	(5,205)
Net profit		24,741	24,610
Net profit attributable to:			
Equity shareholders of the Bank		24,622	24,487
Non-controlling interests		119	123
Earnings per share			
Basic/Diluted earnings per share (in RMB/share)	8	0.38	0.37

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

	Note III	For the six months ended 30 June	
		2025 Unaudited	2024 Unaudited
Net profit		24,741	24,610
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
– Equity instruments at fair value through other comprehensive income			
– Change in fair value		3	1
– Related income tax effect	21(b)	(1)	(0)
Subtotal		2	1
Items that will be reclassified to profit or loss:			
– Debt instruments at fair value through other comprehensive income			
– Change in fair value		(3,484)	6,422
– Change in provision for impairment losses		36	(445)
– Reclassified to the profit or loss upon disposal		(2,194)	(331)
– Related income tax effect	21(b)	1,434	(1,397)
– Change in cash flow hedge		5	19
– Exchange differences on translation of financial statements		(16)	38
Subtotal		(4,219)	4,306
Other comprehensive income, net of tax		(4,217)	4,307
Total comprehensive income		20,524	28,917
Total comprehensive income attributable to:			
Equity shareholders of the Bank		20,407	28,792
Non-controlling interests		117	125
		20,524	28,917

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

		30 June 2025	31 December 2024
	Note III	Unaudited	Audited
Assets			
Cash and deposits with central banks	9	315,987	283,266
Deposits with banks and other financial institutions	10	118,231	47,767
Precious metals		3,933	6,788
Placements with banks and other financial institutions	11	183,826	179,739
Derivative financial assets	12	10,784	33,797
Financial assets held under resale agreements	13	26,982	118,128
Loans and advances to customers	14	4,008,604	3,857,693
Finance lease receivables	15	87,645	94,781
Financial investments	16	2,333,240	2,208,749
– Financial assets at fair value through profit or loss		446,065	443,106
– Debt instruments at fair value through other comprehensive income		749,056	600,404
– Equity instruments at fair value through other comprehensive income		1,143	1,140
– Financial investments measured at amortised cost		1,136,976	1,164,099
Property and equipment	18	30,836	28,506
Right-of-use assets	19	9,823	10,321
Goodwill	20	1,281	1,281
Deferred tax assets	21	35,992	31,358
Other assets	22	71,427	56,847
Total assets		7,238,591	6,959,021
Liabilities and equity			
Liabilities			
Due to the central bank	24	163,434	95,633
Deposits from banks and other financial institutions	25	518,155	581,536
Placements from banks and other financial institutions	26	168,681	216,562
Derivative financial liabilities	12	12,305	32,448
Financial assets sold under repurchase agreements	27	192,865	75,793
Deposits from customers	28	4,253,182	4,035,687
Accrued staff costs	29	20,460	21,895
Taxes payable	30	5,496	4,758
Lease liabilities	31	10,040	10,412
Debt securities issued	32	1,217,020	1,231,112
Other liabilities	33	79,771	62,954
Total liabilities		6,641,409	6,368,790

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

		30 June 2025	31 December 2024
	Note III	Unaudited	Audited
Liabilities and equity (continued)			
Equity			
Share capital	34	59,086	59,086
Other equity instruments	35	104,899	104,899
of which: Preference shares		64,906	64,906
Perpetual bonds		39,993	39,993
Capital reserve	36	74,473	74,473
Other comprehensive income	37	6,676	10,891
Surplus reserve	38	29,543	29,543
General reserve	38	90,052	89,891
Retained earnings	39	229,805	218,917
Total equity attributable to equity shareholders of the Bank		594,534	587,700
Non-controlling interests		2,648	2,531
Total equity		597,182	590,231
Total liabilities and equity		7,238,591	6,959,021

Approved and authorised for issue by the board of directors on 29 August 2025.

Wu Lijun
Chairman,
Non-executive Director

Hao Cheng
President,
Executive Director

Liu Yan
Vice President,
Chief Financial Officer

Lu Jian
General Manager of
Financial Accounting Department

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

For the six months ended 30 June 2025

Unaudited												
Attributable to equity shareholders of the Bank												
	Note	Share	Other equity instruments		Capital	Other	Surplus	General	Retained		Non-	Total
	III	capital	Preference shares	Perpetual bonds	reserve	comprehensive income	reserve	reserve	earnings	Subtotal	controlling interests	
Balance at 1 January 2025		59,086	64,906	39,993	74,473	10,891	29,543	89,891	218,917	587,700	2,531	590,231
Changes in equity for the period:												
Net profit		–	–	–	–	–	–	–	24,622	24,622	119	24,741
Other comprehensive income	37	–	–	–	–	(4,215)	–	–	–	(4,215)	(2)	(4,217)
Appropriation of profit:	39											
– Appropriation to general reserve		–	–	–	–	–	–	161	(161)	–	–	–
– Dividends to ordinary shareholders		–	–	–	–	–	–	–	(11,167)	(11,167)	–	(11,167)
– Dividends to other equity instrument holders		–	–	–	–	–	–	–	(2,406)	(2,406)	–	(2,406)
Balance at 30 June 2025		59,086	64,906	39,993	74,473	6,676	29,543	90,052	229,805	594,534	2,648	597,182

For the six months ended 30 June 2024

Unaudited												
Attributable to equity shareholders of the Bank												
	Note	Share	Other equity instruments		Capital	Other	Surplus	General	Retained		Non-	Total
	III	capital	Preference shares	Perpetual bonds	reserve	comprehensive income	reserve	reserve	earnings	Subtotal	controlling interests	
Balance at 1 January 2024		59,086	64,906	39,993	74,473	2,245	26,245	86,161	199,282	552,391	2,394	554,785
Changes in equity for the period:												
Net profit		–	–	–	–	–	–	–	24,487	24,487	123	24,610
Other comprehensive income	37	–	–	–	–	4,305	–	–	–	4,305	2	4,307
Appropriation of profit:	39											
– Appropriation to general reserve		–	–	–	–	–	–	149	(149)	–	–	–
– Dividends to ordinary shareholders		–	–	–	–	–	–	–	(10,222)	(10,222)	(45)	(10,267)
– Dividends to other equity instrument holders		–	–	–	–	–	–	–	(2,570)	(2,570)	–	(2,570)
Balance at 30 June 2024		59,086	64,906	39,993	74,473	6,550	26,245	86,310	210,828	568,391	2,474	570,865

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

For the six months ended 30 June 2024

Audited												
Attributable to equity shareholders of the Bank												
	Note	Share	Other equity instruments		Capital	Other	Surplus	General	Retained		Non-	Total
	III	capital	Preference shares	Perpetual bonds	reserve	comprehensive income	reserve	reserve	earnings	Subtotal	controlling interests	
Balance at 1 January 2024		59,086	64,906	39,993	74,473	2,245	26,245	86,161	199,282	552,391	2,394	554,785
Changes in equity for the year:												
Net profit		–	–	–	–	–	–	–	41,696	41,696	215	41,911
Other comprehensive income	37	–	–	–	–	8,646	–	–	–	8,646	3	8,649
Appropriation of profit:	39											
– Appropriation to surplus reserve		–	–	–	–	–	3,298	–	(3,298)	–	–	–
– Appropriation to general reserve		–	–	–	–	–	–	3,730	(3,730)	–	–	–
– Dividends to ordinary shareholders		–	–	–	–	–	–	–	(10,222)	(10,222)	(81)	(10,303)
– Dividends to other equity instrument holders		–	–	–	–	–	–	–	(4,811)	(4,811)	–	(4,811)
Balance at 31 December 2024		59,086	64,906	39,993	74,473	10,891	29,543	89,891	218,917	587,700	2,531	590,231

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

	For the six months ended 30 June	
	2025 Unaudited	2024 Unaudited
Cash flows from operating activities		
Profit before tax	30,681	29,815
<i>Adjustments for:</i>		
Credit impairment losses	15,902	20,255
Other impairment losses	11	43
Depreciation and amortisation	3,536	3,397
Interest income on impaired financial assets	(650)	(778)
Dividend income	(0)	(0)
Unrealised foreign exchange losses/(gains)	2,478	(547)
Interest income from investment securities and net gains on disposal	(32,915)	(34,737)
Net gains on derecognition of financial assets measured at amortised cost	(1,974)	(140)
Share of profits of associates and joint ventures	–	(10)
Net gains on disposal of trading securities	(984)	(1,279)
Revaluation losses/(gains) on financial instruments at fair value through profit or loss	1,907	(2,545)
Interest expense on debt securities issued	13,385	14,790
Interest expense on lease liabilities	175	194
Net losses/(gains) on disposal of property and equipment	27	(3)
	31,579	28,455
<i>Changes in operating assets</i>		
Net decrease in deposits with central banks, banks and other financial Institutions	16,826	39,029
Net increase in placements with banks and other financial institutions	(27,469)	(8,129)
Net decrease in financial assets held under resale agreements	91,126	59,257
Net increase in financial assets held for trading	(20,726)	(38,640)
Net increase in loans and advances to customers	(170,946)	(133,014)
Net increase in other operating assets	(3,253)	(7,999)
	(114,442)	(89,496)
<i>Changes in operating liabilities</i>		
Net increase/(decrease) in amounts due to the central bank	66,873	(14,786)
Net (decrease)/increase in deposits from banks and other financial institutions	(62,818)	78,297
Net decrease in placements from banks and other financial institutions	(47,733)	(14,814)
Net increase in financial assets sold under repurchase agreements	117,002	29,526
Net increase/(decrease) in deposits from customers	218,782	(179,074)
Income tax paid	(8,645)	(8,169)
Net increase in other operating liabilities	11,687	22,930
	295,148	(86,090)
Net cash from/(used in) operating activities	212,285	(147,131)

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

	Note III	For the six months ended 30 June	
		2025 Unaudited	2024 Unaudited
Cash flows from investing activities			
Proceeds from disposal and redemption of investments		651,983	563,375
Investment income received		35,919	39,203
Proceeds from disposal of property and equipment and other long-term assets		180	154
Payments on acquisition of investments		(762,637)	(489,033)
Payments on acquisition of property and equipment, intangible assets and other long-term assets		(3,906)	(3,753)
Net cash (used in)/from investing activities		(78,461)	109,946
Cash flows from financing activities			
Proceeds from insurance of debts		499,726	484,158
Repayments of debts issued		(514,094)	(408,812)
Interest paid on debt securities issued		(13,109)	(14,688)
Dividends paid		(8,524)	(2,591)
Other net cash flows from financing activities		(1,423)	(1,541)
Net cash (used in)/from financing activities		(37,424)	56,526
Effect of foreign exchange rate changes on cash and cash equivalents		158	213
Net increase in cash and cash equivalents	43(a)	96,558	19,554
Cash and cash equivalents as at 1 January		128,057	123,902
Cash and cash equivalents as at 30 June	43(b)	224,615	143,456
Cash flows from operating activities include:			
Interest received		81,245	91,261
Interest paid		(49,784)	(51,205)

The accompanying notes on pages 90 to 193 form part of these condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

I BACKGROUND INFORMATION

China Everbright Bank Company Limited (the “Bank”) commenced its operations in Beijing, the People’s Republic of China (the “PRC”) on 18 August 1992. The A Shares and H Shares of the Bank were listed on the Shanghai Stock Exchange in August 2010 and the Stock Exchange of Hong Kong Limited in December 2013, respectively.

The Bank is licensed as a financial institution by the National Financial Regulatory Administration (the “NFRA”), formerly the China Banking Regulatory Commission, No. B0007H111000001 and is issued the business licence of legal enterprise No. 91110000100011743X by the State Administration of Industry and Commerce of the PRC. The registered address is China Everbright Center, No. 25 and No. 25 A Taipingqiao Street, Xicheng District, Beijing, People’s Republic of China.

The principal activities of the Bank and its subsidiaries (Note III 17(a)) (collectively the “Group”) are the provision of corporate and retail deposits, loans and advances, settlement, treasury business and other financial services as approved by the NFRA. The Group mainly operates in Chinese Mainland and also has a number of overseas branches and subsidiaries. For the purpose of this interim financial statements, Chinese 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 the Taiwan Region of the PRC. Overseas refers to countries and regions other than Chinese Mainland.

This financial statements has been approved by the Board of Directors on 29 August 2025.

II BASIS OF PREPARATION

1 Compliance with International Financial Reporting Standards (“IFRS Accounting Standards”)

The notes to the unaudited condensed consolidated financial statements for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. In addition, the unaudited condensed consolidated financial statements comply with the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2024.

Except as described in Note II 3 below, the principal accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group’s consolidated annual financial statements for the year ended 31 December 2024.

2 Use of estimates and assumptions

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions. The nature and assumptions related to the Group’s accounting estimates are consistent with those adopted in the Group’s consolidated financial statements for the year ended 31 December 2024, except for the adoption of new amendments effective as of 1 January 2025.

II BASIS OF PREPARATION (CONTINUED)

3 Material accounting policy information

3.1 Standards, amendments and interpretations effective in 2025

On 1 January 2025, the Group adopted the following amendments.

Amendments to IAS 21 Lack of Exchangeability

The adoption of the above amendments does not have any significant impact on the condensed consolidated financial statements of the Group.

3.2 Standard, amendments and interpretations that are not yet effective and have not been early adopted by the Group in 2025

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards	<i>Volume 11</i>	1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28	<i>Sale of Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Effective date has been deferred indefinitely

In addition to the impact of IFRS18 being evaluated, the Group anticipates that the adoption of the above amendments will not have material impact on the condensed consolidated financial statement of the Group.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

III NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Net interest income

	Notes	For the six months ended 30 June	
		2025	2024
Interest income arising from			
Deposits with central banks		1,942	2,149
Deposits with banks and other financial institutions		452	134
Placements with banks and other financial institutions		2,087	2,545
Loans and advances to customers (a)			
– Corporate loans and advances		41,093	44,123
– Personal loans and advances		32,404	38,652
– Discounted bills		546	734
Finance lease receivables		1,985	2,403
Financial assets held under resale agreements		241	530
Investments (a)		26,846	28,246
Subtotal		107,596	119,516
Interest expenses arising from			
Due to the central bank		1,442	1,050
Deposits from banks and other financial institutions		4,673	6,076
Placements from banks and other financial institutions		2,479	3,595
Deposits from customers			
– Corporate customers		26,024	31,083
– Individual customers		12,663	13,747
Financial assets sold under repurchase agreements		1,498	1,064
Debt securities issued		13,385	14,790
Subtotal		62,164	71,405
Net interest income		45,432	48,111

Note:

- (a) The interest income arising from impaired financial assets for the six months ended 30 June 2025 amounted to RMB650 million (Six months ended 30 June 2024: RMB778 million).

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

2 Net fee and commission income

	For the six months ended 30 June	
	2025	2024
Fee and commission income		
Bank card service fees	3,686	4,247
Wealth management service fees	2,364	1,986
Settlement and clearing fees	2,274	2,020
Custody and other fiduciary business fees	1,133	1,046
Agency services fees	1,046	1,168
Underwriting and advisory fees	672	668
Acceptance and guarantee fees	628	704
Others	9	10
Subtotal	11,812	11,849
Fee and commission expense		
Bank card transaction fees	770	755
Settlement and clearing fees	398	383
Wealth management service fees	18	22
Underwriting and advisory fees	12	26
Acceptance and guarantee fees	4	2
Agency services fees	2	2
Others	165	126
Subtotal	1,369	1,316
Net fee and commission income	10,443	10,533

3 Net trading gains

	For the six months ended 30 June	
	2025	2024
Trading financial instruments		
– Derivatives	80	119
– Debt securities	620	1,646
Subtotal	700	1,765
Precious metal contracts	103	(80)
Total	803	1,685

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

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

4 Net gains arising from investment securities

	For the six months ended 30 June	
	2025	2024
Net gains arising from financial investments at fair value through profit or loss	3,499	8,157
Net gains arising from debt instruments at fair value through other comprehensive income	2,178	302
Net gains arising from loans and advances to customers at fair value through other comprehensive income	16	29
Total	5,693	8,488

5 Operating expenses

	For the six months ended 30 June	
	2025	2024
Staff costs		
– Salaries and bonuses	7,099	7,386
– Pension and annuity	1,322	1,269
– Housing allowances	650	623
– Staff welfares	281	299
– Others	1,142	1,139
Subtotal	10,494	10,716
Premises and equipment expenses		
– Depreciation of right-of-use assets	1,374	1,397
– Depreciation of property and equipment	1,246	1,197
– Amortisation of intangible assets	734	630
– Rental and property management expenses	183	223
– Interest expense on lease liabilities	175	194
– Amortisation of other long-term assets	182	173
Subtotal	3,894	3,814
Tax and surcharges	822	877
Other general and administrative expenses	4,147	4,356
Total	19,357	19,763

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

6 Credit impairment losses

	For the six months ended 30 June	
	2025	2024
Loans and advances to customers		
– measured at amortised cost	15,501	19,504
– measured at fair value through other comprehensive income	(102)	(366)
Debt instruments at fair value through other comprehensive income	353	(95)
Financial investments measured at amortised cost	(940)	1,139
Finance lease receivables	(150)	70
Others	1,240	3
Total	15,902	20,255

7 Income tax

(a) Income tax:

	Note III	For the six months ended 30 June	
		2025	2024
Current tax		9,115	3,707
Deferred tax	21(b)	(3,200)	881
Adjustments for prior years		25	617
Total		5,940	5,205

(b) Reconciliations between income tax and accounting profit are as follows:

	Note	For the six months ended 30 June	
		2025	2024
Profit before tax		30,681	29,815
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		7,670	7,454
Effect of different tax rates applied by certain subsidiaries		(1)	(1)
Non-deductible expenses and others		2,027	877
Non-taxable income	(i)	(3,781)	(3,742)
Subtotal		5,915	4,588
Adjustments for prior years		25	617
Income tax		5,940	5,205

Note:

(i) Non-taxable income mainly includes interest income of PRC government bonds and dividends of funds.

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For the six months ended 30 June 2025

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

7 Income tax (continued)

As at 30 June 2025, Pillar Two legislation has come into effect in countries where some of the Group's subsidiaries are located. The Group is subject to the global minimum top-up tax under Pillar Two legislation in those jurisdictions. The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current income tax when it occurs. For the six months ended 30 June 2025, the impact of the top-up tax on the Group's current income tax expense is not material.

8 Basic and diluted earnings per ordinary share

Basic earnings per share was computed by dividing the net profit attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share was computed by dividing the net profit attributable to the ordinary shareholders of the Bank based on assuming conversion of all dilutive potential shares for the period by the adjusted weighted average number of ordinary shares in issue.

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 30 June 2024, therefore the conversion feature of preference shares has no effect on the basic and diluted earnings per share calculation for the above period.

The non-cumulative perpetual bonds issued by the Bank do not contain equity conversion clauses.

	For the six months ended 30 June	
	2025	2024
Net profit for the period attributable to equity holders of the Bank	24,622	24,487
Less: Dividends on preference shares declared of the Bank	2,406	2,570
Net profit for the period attributable to ordinary shareholders of the Bank	22,216	21,917
Weighted average number of ordinary shares in issue for the period (in million shares)	59,086	59,086
Basic/diluted earnings per share (in RMB/share)	0.38	0.37

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

9 Cash and deposits with central banks

	Notes	30 June 2025	31 December 2024
Cash on hand		8,889	5,326
Deposits with central banks			
– Statutory deposit reserves	(a)	215,648	228,698
– Surplus deposit reserves	(b)	87,232	44,701
– Foreign exchange risk reserves	(c)	247	223
– Fiscal deposits		3,892	4,224
Subtotal		315,908	283,172
Accrued interest		79	94
Total		315,987	283,266

Notes:

- (a) The Group places statutory deposit reserves with the People's Bank of China ("PBOC") and overseas central banks where it has operations. The statutory deposit reserves are not available for use in the Group's daily business. As at the end of the reporting period, the Bank's statutory deposit reserve rates in Chinese Mainland were as follows:

	30 June 2025	31 December 2024
Reserve ratio for RMB deposits	5.50%	6.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The statutory RMB deposit reserve rates applicable to domestic subsidiaries of the Group are determined by the PBOC. The amounts of statutory deposit reserves placed with the central banks of overseas countries and regions are determined by local jurisdictions.

- (b) The surplus deposit reserve maintained with the PBOC is mainly for the purpose of clearing.
- (c) The foreign-exchange risk reserve is the foreign-exchange risk reserve paid by the Group to the PBOC in accordance with the relevant provisions. As at 30 June 2025, the proportion of foreign-exchange risk reserve shall be 20% (31 December 2024: 20%).

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

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

10 Deposits with banks and other financial institutions

Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Deposits in Chinese Mainland		
– Banks	94,989	34,360
– Other financial institutions	14,027	4,473
Deposits overseas		
– Banks	9,376	9,126
Subtotal	118,392	47,959
Accrued interest	256	202
Total	118,648	48,161
Less: Provision for impairment losses	(417)	(394)
Net balances	118,231	47,767

11 Placements with banks and other financial institutions

Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Placements in Chinese Mainland		
– Banks	8,723	11,599
– Other financial institutions	149,642	136,505
Placements overseas		
– Banks	25,458	31,688
Subtotal	183,823	179,792
Accrued interest	355	265
Total	184,178	180,057
Less: Provision for impairment losses	(352)	(318)
Net balances	183,826	179,739

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

12 Derivatives and hedge accounting

(a) Analysed by nature of contract

	30 June 2025		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
– Interest rate swaps	547,072	4,526	(4,689)
– Treasury bond futures	19	0	–
Currency derivatives			
– Foreign exchange forwards	7,019	29	(19)
– Foreign exchange swaps and cross-currency interest rate swaps	775,136	6,207	(7,578)
– Foreign exchange options	3,696	22	(19)
Total	1,332,942	10,784	(12,305)

	31 December 2024		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives			
– Interest rate swaps	644,830	6,510	(6,295)
– Treasury bond futures	277	1	–
Currency derivatives			
– Foreign exchange forwards	6,532	46	(55)
– Foreign exchange swaps and cross-currency interest rate swaps	1,673,074	27,211	(26,058)
– Foreign exchange options	1,689	29	(40)
Total	2,326,402	33,797	(32,448)

- (1) The notional amounts of derivative financial instruments refer only to the amounts outstanding at the end of the reporting period and do not represent the amounts at risk.
- (2) The above derivative financial instruments include hedging instruments designated by the Group.

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

12 Derivatives and hedge accounting (continued)

(b) Analysed by credit risk-weighted amount

	30 June 2025	31 December 2024
Counterparty default risk-weighted assets	2,946	3,287
Credit value adjustment risk-weighted assets	2,916	3,272
Total	5,862	6,559

As at 30 June 2025 and 31 December 2024, the risk-weighted assets for counterparty credit risk (“CCR”) of derivatives of the Group were calculated in accordance with the “Regulation Governing Capital of Commercial Banks” and other relevant regulations under the advanced capital measurement approaches. For derivative transactions, risk-weighted assets for CCR include the risk-weighted assets for default risk, and the risk-weighted assets for credit valuation adjustment (“CVA”).

(c) Hedging accounting

(1) Fair value hedge

The Group uses interest rate swaps to hedge fair value changes caused by interest rate changes, and the hedged items are fixed interest bonds. As at 30 June 2025, the notional amount of the derivative financial instruments used by the Group for the fair value hedging instrument in the hedge accounting was RMB18,827 million (31 December 2024: RMB17,739 million). In the above hedging instrument, derivative financial assets was RMB206 million (31 December 2024: RMB413 million), derivative financial liabilities was RMB191 million (31 December 2024: RMB27 million).

For the six months ended 30 June 2025 and 30 June 2024, the fair value changes recognised in the profit or loss attributed to the ineffective hedging were not significant.

(2) Cash flow hedge

The Group uses cross-currency swaps and foreign exchange swaps to hedge cash flow fluctuations resulting from exchange rate and interest rate risks. The hedged items are fixed or floating rate bonds and deposit certificates, as well as fixed rate funds offered or borrowed from the interbank markets. As at 30 June 2025, the nominal amount of derivative financial instruments used by the Group as cash flow hedging instruments in hedge accounting was RMB14,094 million (31 December 2024: RMB18,709 million), among which derivative financial assets amounted to RMB56 million (31 December 2024: RMB101 million), and derivative financial liabilities amounted to RMB295 million (31 December 2024: RMB97 million).

For the six months ended 30 June 2025 and 30 June 2024, the profit or loss arising from the recognised invalidated portion of the cash flow hedge was not significant.

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

13 Financial assets held under resale agreements

(a) Analysed by type and location of counterparty

	30 June 2025	31 December 2024
In Chinese Mainland		
– Banks	1,913	29,821
– Other financial institutions	25,069	88,287
Subtotal	26,982	118,108
Accrued interest	3	29
Total	26,985	118,137
Less: Provision for impairment losses	(3)	(9)
Net balances	26,982	118,128

(b) Analysed by type of collateral held

	30 June 2025	31 December 2024
Bonds		
– Government bonds	3,638	27,968
– Other debt securities	21,401	90,140
Bills	1,943	–
Subtotal	26,982	118,108
Accrued interest	3	29
Total	26,985	118,137
Less: Provision for impairment losses	(3)	(9)
Net balances	26,982	118,128

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

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

14 Loans and advances to customers

(a) Analysed by nature

	30 June 2025	31 December 2024
Loans and advances to customers measured at amortised cost		
Corporate loans and advances	2,339,776	2,185,506
Discounted bills	414	419
Personal loans and advances		
– Personal housing mortgage loans	596,458	582,704
– Personal business loans	317,999	326,045
– Personal consumption loans	209,544	197,927
– Credit cards	371,961	375,743
Principal of loans and advances to customers measured at amortised cost	3,836,152	3,668,344
Accrued interest	12,090	12,373
Gross loans and advances to customers measured at amortised cost	3,848,242	3,680,717
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(87,556)	(88,582)
Net loans and advances to customers measured at amortised cost	3,760,686	3,592,135
Loans and advances to customers measured at fair value through other comprehensive income		
Forfaiting – domestic letter of credit	155,333	112,053
Discounted bills	92,585	153,505
Net Loans and advances to customers measured at fair value through other comprehensive income	247,918	265,558
Net loans and advances to customers	4,008,604	3,857,693
Provision for impairment losses of Loans and advances to customers measured at fair value through other comprehensive income	(257)	(359)

As at the end of the reporting period, part of the above loans and advances to customers was pledged for repurchase agreements. See Note III 23(a).

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

14 Loans and advances to customers (continued)

(b) Analysed by industry

	30 June 2025		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	566,387	13.86%	103,941
Leasing and commercial services	428,089	10.48%	99,967
Water, environment and public utility management	351,587	8.61%	102,556
Wholesale and retail trade	211,629	5.18%	37,793
Real estate	165,022	4.04%	116,067
Construction	160,709	3.94%	36,769
Transportation, storage and postal services	147,471	3.61%	50,981
Finance	121,527	2.98%	8,803
Production and supply of power, gas and water	113,660	2.78%	20,297
Mining	60,311	1.48%	5,123
Others	168,717	4.13%	40,639
Subtotal of corporate loans and advances	2,495,109	61.09%	622,936
Personal loans and advances	1,495,962	36.63%	895,067
Discounted bills	92,999	2.28%	90,801
Total	4,084,070	100.00%	1,608,804
Accrued interest	12,090		
Gross loans and advances to customers	4,096,160		
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(87,556)		
Net loans and advances to customers	4,008,604		
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(257)		

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

14 Loans and advances to customers (continued)

(b) Analysed by industry (continued)

	31 December 2024		
	Amount	Percentage	Loans and advances secured by collateral
Manufacturing	517,263	13.16%	104,787
Leasing and commercial services	377,167	9.59%	96,841
Water, environment and public utility management	336,892	8.56%	116,067
Wholesale and retail trade	182,122	4.63%	38,084
Real estate	157,688	4.01%	115,760
Construction	160,791	4.09%	40,618
Transportation, storage and postal services	136,520	3.47%	49,309
Finance	113,392	2.88%	15,798
Production and supply of power, gas and water	100,044	2.54%	18,498
Mining	54,448	1.38%	5,614
Others	161,232	4.10%	42,385
Subtotal of corporate loans and advances	2,297,559	58.41%	643,761
Personal loans and advances	1,482,419	37.68%	889,974
Discounted bills	153,924	3.91%	152,717
Total	3,933,902	100.00%	1,686,452
Accrued interest	12,373		
Gross loans and advances to customers	3,946,275		
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(88,582)		
Net loans and advances to customers	3,857,693		
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(359)		

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

14 Loans and advances to customers (continued)

(c) Analysed by type of collateral

	30 June 2025	31 December 2024
Unsecured loans	1,528,922	1,392,798
Guaranteed loans	946,344	854,652
Secured loans		
– Mortgage loans	1,403,014	1,409,879
– Pledged loans	205,790	276,573
Total	4,084,070	3,933,902
Accrued interest	12,090	12,373
Gross loans and advances to customers	4,096,160	3,946,275
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(87,556)	(88,582)
Net loans and advances to customers	4,008,604	3,857,693
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(257)	(359)

(d) Analysed by geographical distribution

	30 June 2025		Loans and advances secured by collateral
	Amount	Percentage	
Yangtze River Delta	1,042,107	25.52%	346,198
Central	699,177	17.12%	324,696
Pearl River Delta	635,110	15.55%	328,243
Bohai Rim	611,151	14.96%	292,565
Western	505,147	12.37%	234,908
Northeastern	92,204	2.26%	60,577
Head Office	371,972	9.11%	–
Overseas	127,202	3.11%	21,617
Total	4,084,070	100.00%	1,608,804
Accrued interest	12,090		
Gross loans and advances to customers	4,096,160		

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

14 Loans and advances to customers (continued)

(d) Analysed by geographical distribution (continued)

31 December 2024			
	Amount	Percentage	Loans and advances secured by collateral
Yangtze River Delta	981,383	24.95%	362,424
Central	678,006	17.23%	338,570
Pearl River Delta	618,232	15.72%	343,797
Bohai Rim	577,265	14.67%	295,108
Western	485,466	12.34%	238,991
Northeastern	94,754	2.41%	68,656
Head Office	375,410	9.54%	–
Overseas	123,386	3.14%	38,906
Total	3,933,902	100.00%	1,686,452
Accrued interest	12,373		
Gross loans and advances to customers	3,946,275		

As at the end of the reporting period, detailed information of the impaired loans and advances to customers as well as the corresponding impairment provision in respect of geographic sectors which constitute 10% or more of gross loans and advances to customers is as follows:

30 June 2025				
	Impaired loans and advances	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)
Pearl River Delta	11,198	(3,410)	(3,407)	(9,986)
Central	7,097	(2,442)	(2,722)	(5,385)
Yangtze River Delta	6,935	(4,839)	(1,804)	(5,686)
Bohai Rim	5,494	(3,067)	(2,495)	(4,867)
Western	4,592	(2,627)	(3,275)	(3,449)
Total	35,316	(16,385)	(13,703)	(29,373)

31 December 2024				
	Impaired loans and advances	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)
Pearl River Delta	9,865	(3,902)	(3,286)	(8,046)
Central	7,127	(2,841)	(2,353)	(5,250)
Yangtze River Delta	6,904	(5,521)	(1,564)	(5,754)
Bohai Rim	5,221	(3,342)	(2,427)	(3,731)
Western	4,446	(2,754)	(3,744)	(3,209)
Total	33,563	(18,360)	(13,374)	(25,990)

For the definition of regional divisions, see Note III 46(b).

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

14 Loans and advances to customers (continued)

(e) Overdue loans and advances analysed by overdue period

30 June 2025					
	Overdue within three months or less (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	18,778	8,753	4,225	1,933	33,689
Guaranteed loans	3,032	2,151	2,526	735	8,444
Secured loans					
– Mortgage loans	11,834	11,146	10,811	3,136	36,927
– Pledged loans	115	298	1	9	423
Subtotal	33,759	22,348	17,563	5,813	79,483
Accrued interest	84	–	–	–	84
Total	33,843	22,348	17,563	5,813	79,567
As a percentage of gross loans and advances to customers	0.83%	0.55%	0.43%	0.13%	1.94%

31 December 2024					
	Overdue within three months or less (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	20,655	10,312	3,433	1,866	36,266
Guaranteed loans	1,712	2,843	2,191	666	7,412
Secured loans					
– Mortgage loans	13,134	10,521	9,216	2,738	35,609
– Pledged loans	5	4	2	9	20
Subtotal	35,506	23,680	14,842	5,279	79,307
Accrued interest	148	–	–	–	148
Total	35,654	23,680	14,842	5,279	79,455
As a percentage of gross loans and advances to customers	0.90%	0.60%	0.38%	0.13%	2.01%

Overdue loans and advances represent loans and advances of which the whole or part of the principal or interest was overdue for one day or more.

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

14 Loans and advances to customers (continued)

(f) Loans and advances and provision for impairment losses

	30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Principal of loans and advances to customers measured at amortised cost	3,628,878	146,979	60,295	3,836,152
Accrued interest	6,552	5,219	319	12,090
Gross loans and advances to customers measured at amortised cost	3,635,430	152,198	60,614	3,848,242
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(26,716)	(19,080)	(41,760)	(87,556)
Net loans and advances to customers measured at amortised cost	3,608,714	133,118	18,854	3,760,686
Net loans and advances to customers measured at fair value through other comprehensive income	247,892	26	–	247,918
Provision for impairment losses of loans and advances to customers measured at fair value through other comprehensive income	(257)	(0)	–	(257)

	31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
Principal of loans and advances to customers measured at amortised cost	3,462,419	152,150	53,775	3,668,344
Accrued interest	7,365	4,877	131	12,373
Gross loans and advances to customers measured at amortised cost	3,469,784	157,027	53,906	3,680,717
Less: Provision for impairment losses of loans and advances to customers measured at amortised cost	(28,676)	(21,379)	(38,527)	(88,582)
Net loans and advances to customers measured at amortised cost	3,441,108	135,648	15,379	3,592,135
Net Loans and advances to customers measured at fair value through other comprehensive income	265,482	6	70	265,558
Provision for impairment losses of Loans and advances to customers measured at fair value through other comprehensive income	(358)	(0)	(1)	(359)

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

14 Loans and advances to customers (continued)

(g) Reconciliation of provision for impairment losses

For the six months ended 30 June 2025				
Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2025	(28,676)	(21,379)	(38,527)	(88,582)
– Transfer to Stage 1	(3,986)	3,349	637	–
– Transfer to Stage 2	776	(1,424)	648	–
– Transfer to Stage 3	304	2,815	(3,119)	–
Net reverse/(charge) for the period (i)	4,869	(2,441)	(17,929)	(15,501)
Write-off and disposal	–	–	21,463	21,463
Recovery of loans and advances written off	–	–	(5,264)	(5,264)
Interest income on impaired loans	–	–	357	357
Exchange fluctuation and others	(3)	–	(26)	(29)
As at 30 June 2025	(26,716)	(19,080)	(41,760)	(87,556)

2024				
Note	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2024	(30,599)	(23,766)	(31,006)	(85,371)
– Transfer to Stage 1	(4,375)	2,444	1,931	–
– Transfer to Stage 2	1,076	(2,296)	1,220	–
– Transfer to Stage 3	398	1,855	(2,253)	–
Net reverse/(charge) for the year (i)	4,829	384	(43,360)	(38,147)
Write-off and disposal	–	–	46,519	46,519
Recovery of loans and advances written off	–	–	(12,275)	(12,275)
Interest income on impaired loans	–	–	735	735
Exchange fluctuation and others	(5)	–	(38)	(43)
As at 31 December 2024	(28,676)	(21,379)	(38,527)	(88,582)

Notes:

- (i) The net charge for the period/year includes the impact of provisions for impairment losses on the newly originated or purchased loans, provisions for impairment losses made/reversed in the event of updates to the impact of changes in PD, LGD, and EAD, changes in model assumptions and methodologies, and phase transfers.
- (ii) The above reconciliation of provision for impairment losses only represents provision for impairment losses on loans and advances to customers measured at amortised cost. As at 30 June 2025, the balance of provision for impairment losses on loans and advances to customers measured at fair value through other comprehensive income was RMB257 million (31 December 2024: RMB359 million).

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For the six months ended 30 June 2025

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

15 Finance lease receivables

	30 June 2025	31 December 2024
Finance lease receivables	102,295	109,841
Less: Unearned finance lease income	(11,022)	(11,337)
Present value of finance lease receivables	91,273	98,504
Accrued interest	639	694
Less: Provision for impairment losses	(4,267)	(4,417)
Net balance	87,645	94,781

The finance lease receivables under finance lease and hire purchase contracts and their present values are as follows:

	30 June 2025	31 December 2024
Less than 1 year (inclusive)	34,247	39,541
1 year to 2 years (inclusive)	24,117	27,570
2 years to 3 years (inclusive)	15,648	17,113
3 years to 4 years (inclusive)	7,738	8,007
4 years to 5 years (inclusive)	5,671	5,874
More than 5 years	14,874	11,736
Total	102,295	109,841

16 Financial investments

	Notes	30 June 2025	31 December 2024
Financial assets at fair value through profit or loss	(a)	446,065	443,106
Debt instruments at fair value through other comprehensive income	(b)	749,056	600,404
Equity instruments at fair value through other comprehensive income	(c)	1,143	1,140
Financial investments measured at amortised cost	(d)	1,136,976	1,164,099
Total		2,333,240	2,208,749

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

16 Financial investments (continued)

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

	Notes	30 June 2025	31 December 2024
Debt instruments held for trading	(i)	149,237	128,495
Other financial assets at fair value through profit or loss	(ii)	296,828	314,611
Total		446,065	443,106

(i) Debt instruments held for trading

	Notes	30 June 2025	31 December 2024
Issued by the following governments or institutions:			
In Chinese Mainland			
– Government		47,686	30,037
– Banks and other financial institutions		41,302	46,197
– Other institutions	(1)	54,021	37,867
Overseas			
– Government		192	1,169
– Banks and other financial institutions		5,988	12,884
– Other institutions		48	341
Total	(2)	149,237	128,495
Listed	(3)	28,571	29,978
Of which: listed in Hong Kong		375	5,920
Unlisted		120,666	98,517
Total		149,237	128,495

Notes:

- (1) Debt instruments issued by other institutions in Chinese Mainland mainly represented debt securities issued by state-owned enterprises and joint stock enterprises in Chinese Mainland.
- (2) At the end of the reporting period, some of the debt instruments held for trading were pledged for repurchase agreements and time deposits. See Note III 23(a).
- (3) Listed investments only include debt instruments traded on a stock exchange.

(ii) Other financial assets at fair value through profit or loss

	30 June 2025	31 December 2024
Fund investments	218,483	278,804
Equity instruments	5,034	3,481
Others	73,311	32,326
Total	296,828	314,611

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

16 Financial investments (continued)

(b) Debt instruments at fair value through other comprehensive income

(i) Analysed by type and location of counterparty:

	Notes	30 June 2025	31 December 2024
In Chinese Mainland			
– Government		418,742	328,801
– Banks and other financial institutions	(1)	201,348	147,220
– Other institutions	(2)	74,388	78,354
Overseas			
– Government		2,537	3,208
– Banks and other financial institutions		17,526	8,549
– Other institutions		26,817	26,581
Subtotal		741,358	592,713
Accrued interest		7,698	7,691
Total	(3)	749,056	600,404
Listed	(4)	75,588	68,538
Of which: listed in Hong Kong		27,179	28,103
Unlisted		665,770	524,175
Subtotal		741,358	592,713
Accrued interest		7,698	7,691
Total		749,056	600,404

Notes:

- (1) Debt instruments issued by banks and other financial institutions mainly represent debt securities issued by banks and other financial institutions in Chinese Mainland.
- (2) Debt instruments issued by other institutions mainly represent debt securities issued by state-owned enterprises and joint stock enterprises in Chinese Mainland.
- (3) At the end of the reporting period, part of the debt instruments at fair value through other comprehensive income were pledged for repurchase agreements and time deposits, see Note III 23(a).
- (4) Listed investments only include debt instruments traded on a stock exchange.

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

16 Financial investments (continued)

(b) Debt instruments at fair value through other comprehensive income (continued)

(ii) Reconciliation of provision for impairment losses on debt instruments at fair value through other comprehensive income

	For the six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2025	(274)	(15)	(1,357)	(1,646)
– Transfer to Stage 2	–	–	–	–
– Transfer to Stage 3	–	–	–	–
Net charge for the period	(107)	(2)	(244)	(353)
Write-off and disposal	–	–	190	190
Exchange fluctuation and others	9	–	16	25
As at 30 June 2025	(372)	(17)	(1,395)	(1,784)

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2024	(433)	(107)	(753)	(1,293)
– Transfer to Stage 2	5	(5)	–	–
– Transfer to Stage 3	43	83	(126)	–
Net reverse/(charge) for the year	108	14	(457)	(335)
Write-off and disposal	–	–	–	–
Exchange fluctuation and others	3	–	(21)	(18)
As at 31 December 2024	(274)	(15)	(1,357)	(1,646)

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

16 Financial investments (continued)

(c) Equity instruments at fair value through other comprehensive income

	Notes	30 June 2025	31 December 2024
Listed	(i)	41	38
Unlisted		1,102	1,102
Total	(ii)	1,143	1,140

Notes:

- (i) Listed investments only include equity instruments traded on a stock exchange.
- (ii) The Group designated the equity instruments not held for trading as measured at fair value through other comprehensive income. For the six months ended 30 June 2025, the Group has received RMB137,349.65 dividends from the above equity instruments (for the six months ended 30 June 2024: RMB104,355.53).

(d) Financial investments measured at amortised cost

	Notes	30 June 2025	31 December 2024
Debt securities and asset-backed instruments	(i)	1,101,277	1,127,995
Others	(ii)	35,203	34,602
Subtotal		1,136,480	1,162,597
Accrued interest		14,259	16,509
Total		1,150,739	1,179,106
Less: Provision for impairment losses		(13,763)	(15,007)
Net balance		1,136,976	1,164,099
Listed	(iii)	173,412	169,666
Of which: listed in Hong Kong		46,337	25,436
Unlisted		949,305	977,924
Subtotal		1,122,717	1,147,590
Accrued interest		14,259	16,509
Net balance		1,136,976	1,164,099

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

16 Financial investments (continued)

(d) Financial investments measured at amortised cost (continued)

(i) Debt securities and asset-backed instruments measured at amortised cost were analysed by type and location of counterparty as follows:

	Notes	30 June 2025	31 December 2024
In Chinese Mainland			
– Government		521,046	493,294
– Banks and other financial institutions		275,198	322,250
– Other institutions	(1)	255,399	265,319
Overseas			
– Government		10,164	7,270
– Banks and other financial institutions		25,674	23,880
– Other institutions		13,796	15,982
Subtotal		1,101,277	1,127,995
Accrued interest		14,203	16,475
Total	(2)	1,115,480	1,144,470
Less: Provision for impairment losses		(2,969)	(2,923)
Net balance		1,112,511	1,141,547
Fair value		1,159,578	1,191,979

Notes:

(1) Debt securities and asset-backed instruments issued by other institutions mainly represent debt securities and asset-backed instruments issued by state-owned enterprises and joint stock enterprises in Chinese Mainland.

(2) As at the end of the reporting period, part of the debt securities measured at amortised cost were pledged for repurchase agreements, time deposits and derivative transactions. See Note III 23(a).

(ii) Other financial investments measured at amortised cost mainly include trusts and other rights to earnings.

(iii) Listed investments only include debt instruments traded on a stock exchange.

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

16 Financial investments (continued)

(d) Financial investments measured at amortised cost (continued)

(iv) Reconciliation of provision for impairment losses on financial investments measured at amortised cost:

	For the six months ended 30 June 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2025	(483)	(100)	(14,424)	(15,007)
– Transfer to Stage 1	(6)	6	–	–
Net (charge)/reverse for the period	(77)	(18)	1,035	940
Write-off and disposal	–	–	–	–
Interest income on impaired financial investments	–	–	293	293
Exchange fluctuation and others	6	–	5	11
As at 30 June 2025	(560)	(112)	(13,091)	(13,763)

	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL (without credit impairment)	Stage 3 Lifetime ECL (with credit impairment)	Total
As at 1 January 2024	(711)	(130)	(14,456)	(15,297)
– Transfer to Stage 2	7	(7)	–	–
Net (charge)/reverse for the year	(114)	37	(1,953)	(2,030)
Write-off and disposal	–	–	1,219	1,219
Interest income on impaired financial investments	–	–	779	779
Exchange fluctuation and others	335	–	(13)	322
As at 31 December 2024	(483)	(100)	(14,424)	(15,007)

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

17 Investments in subsidiaries and joint ventures

(a) Investments in subsidiaries

The Bank

	30 June 2025	31 December 2024
Everbright Financial Leasing Co., Ltd.	4,680	4,680
CEB International Investment Corporation Limited	2,267	2,267
Shaoshan Everbright Rural Bank Co., Ltd.	105	105
Jiangsu Huai'an Everbright Rural Bank Co., Ltd.	70	70
China Everbright Bank (Europe) S.A.	156	156
Jiangxi Ruijin Everbright Rural Bank Co., Ltd.	105	105
Everbright Wealth Co., Ltd.	5,000	5,000
Beijing Sunshine Consumer Finance Co., Ltd.	600	600
Less: Provision for impairment losses	(1,793)	(1,793)
Total	11,190	11,190

The Group and the Bank conduct impairment testing on long-term equity investment, and the recoverable amount is determined according to the present value of the estimated future cash flow of the relevant subsidiary, and the estimated future cash flow is determined based on the financial forecast approved by the management of the corresponding subsidiary. The average growth rate, discount rate and other assumptions used to forecast cash flows reflect the specific risks associated with them.

The details of the subsidiaries are presented as follows:

Corporate name	Registered address	Registered capital	Investment proportion	Voting proportion	Main business	Economic nature/type
Everbright Financial Leasing Co., Ltd. (Everbright Financial Leasing)	Wuhan, Hubei	5,900	90%	90%	Leasing transactions	Incorporated company
CEB International Investment Corporation Limited (CEB International)	Hong Kong	2,267	100%	100%	Investment banking	Limited company
Shaoshan Everbright Rural Bank Co., Ltd. (Shaoshan Everbright Bank)	Shaoshan, Hunan	150	70%	70%	Banking business	Incorporated company
Jiangsu Huai'an Everbright Rural Bank Co., Ltd. (Huai'an Everbright Bank)	Huai'an, Jiangsu	100	70%	70%	Banking business	Incorporated company
China Everbright Bank (Europe)S.A. (CEB Europe)	Luxembourg	156	100%	100%	Banking business	Incorporated company
Jiangxi Ruijin Everbright Rural Bank Co., Ltd. (Ruijin Everbright Bank)	Ruijin, Jiangxi	150	70%	70%	Banking business	Incorporated company
Everbright Wealth Co., Ltd. (Everbright Wealth)	Qingdao, Shandong	5,000	100%	100%	Asset management business	Limited company
Beijing Sunshine Consumer Finance Co., Ltd. (Sunshine Consumer)	Beijing	1,000	60%	60%	Consumer finance business	Incorporated company

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

17 Investments in subsidiaries and joint ventures (continued)

(b) Investments in joint ventures

The Group

	For the six months ended 30 June 2025	2024
As at 1 January 2025/1 January 2024	—	204
Decrease capital	—	(220)
Investment gains under the equity method	—	13
Foreign currency conversion difference	—	3
As at 30 June 2025/31 December 2024	—	—

Note: The Group disposed of the joint venture in September 2024, and there were no new joint ventures of the Group as at 30 June 2025.

18 Property and equipment

	Premises (Note (i))	Aircraft, ships and Vehicles (Note (ii))	Construction in progress	Electronic equipment	Others	Total
Cost						
As at 1 January 2025	17,105	14,708	2,027	9,654	4,885	48,379
Additions	29	3,132	53	448	91	3,753
Transfer out	—	—	(52)	—	—	(52)
Disposals	(27)	—	—	(528)	(82)	(637)
Foreign currency conversion difference	—	(68)	—	—	(2)	(70)
As at 30 June 2025	17,107	17,772	2,028	9,574	4,892	51,373
Accumulated depreciation						
As at 1 January 2025	(6,345)	(2,311)	—	(7,176)	(3,878)	(19,710)
Charge for the period	(271)	(333)	—	(542)	(100)	(1,246)
Disposals	—	—	—	497	73	570
Foreign currency conversion difference	—	11	—	—	1	12
As at 30 June 2025	(6,616)	(2,633)	—	(7,221)	(3,904)	(20,374)
Provision for impairment losses						
As at 1 January 2025	(163)	—	—	—	—	(163)
As at 30 June 2025	(163)	—	—	—	—	(163)
Net balances						
As at 30 June 2025	10,328	15,139	2,028	2,353	988	30,836

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

18 Property and equipment (continued)

	Premises (Note (i))	Aircraft, ships and Vehicles (Note (ii))	Construction in progress	Electronic equipment	Others	Total
Cost						
As at 1 January 2024	16,450	11,510	1,603	10,226	5,001	44,790
Additions	673	3,010	904	728	204	5,519
Transfer out	–	–	(480)	–	–	(480)
Disposals	(18)	–	–	(1,300)	(322)	(1,640)
Foreign currency conversion difference	–	188	–	–	2	190
As at 31 December 2024	17,105	14,708	2,027	9,654	4,885	48,379
Accumulated depreciation						
As at 1 January 2024	(5,832)	(1,807)	–	(7,208)	(3,942)	(18,789)
Charge for the year	(524)	(472)	–	(1,220)	(212)	(2,428)
Disposals	11	–	–	1,252	276	1,539
Foreign currency conversion difference	–	(32)	–	–	–	(32)
As at 31 December 2024	(6,345)	(2,311)	–	(7,176)	(3,878)	(19,710)
Provision for impairment losses						
As at 1 January 2024	(163)	–	–	–	–	(163)
As at 31 December 2024	(163)	–	–	–	–	(163)
Net balances						
As at 31 December 2024	10,597	12,397	2,027	2,478	1,007	28,506

Notes:

- (i) As at 30 June 2025, title deeds were not yet finalised for the premises with a net balances of RMB2,198 million (31 December 2024: RMB2,228 million). Management of the Group expected that there would be no significant cost in obtaining the title deeds.
- (ii) As at 30 June 2025, Everbright Financial Leasing, the Group's subsidiary leased aircraft and vehicles to third parties under operating lease arrangements, with a net balances of RMB15,139 million (31 December 2024: RMB12,397 million). As at the end of the reporting period, part of the aircraft was pledged for borrowings from banks. See Note III 23(a).

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

19 Right-of-use assets

	Premises	Transportation and others	Total
Cost			
As at 1 January 2025	19,172	33	19,205
Additions	1,201	3	1,204
Deductions	(1,140)	(3)	(1,143)
Foreign currency conversion difference	2	—	2
As at 30 June 2025	19,235	33	19,268
Accumulated depreciation			
As at 1 January 2025	(8,864)	(20)	(8,884)
Charge for the period	(1,371)	(3)	(1,374)
Reduction for the period	818	2	820
Foreign currency conversion difference	(7)	—	(7)
As at 30 June 2025	(9,424)	(21)	(9,445)
Net balances			
As at 30 June 2025	9,811	12	9,823

	Premises	Transportation and others	Total
Cost			
As at 1 January 2024	18,926	36	18,962
Additions	2,889	5	2,894
Deductions	(2,644)	(8)	(2,652)
Foreign currency conversion difference	1	—	1
As at 31 December 2024	19,172	33	19,205
Accumulated depreciation			
As at 1 January 2024	(8,535)	(19)	(8,554)
Charge for the year	(2,821)	(7)	(2,828)
Reduction for the year	2,490	6	2,496
Foreign currency conversion difference	2	—	2
As at 31 December 2024	(8,864)	(20)	(8,884)
Net balances			
As at 31 December 2024	10,308	13	10,321

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

20 Goodwill

	30 June 2025	31 December 2024
Gross amount	6,019	6,019
Less: Provision for impairment losses	(4,738)	(4,738)
Net balances	1,281	1,281

As approved by the PBOC, the Bank and China Development Bank (“CDB”) jointly signed the “Agreement between China Development Bank and China Everbright Bank for the transfer of assets, liabilities and banking premises of China Investment Bank” (the “Agreement”) on 18 March 1999. According to the Agreement, CDB transferred the assets, liabilities, equity and 137 outlets of 29 branches of the former China Investment Bank (“CIB”) to the Bank. The Agreement became effective on 18 March 1999. The Bank assessed the fair value of the transferred assets and liabilities, and recognised the excess of the purchase cost over the sum of the fair value of the net assets transferred and deferred tax assets as goodwill.

The Bank regularly conducts impairment tests on goodwill. The Bank makes provision for impairment if necessary. The Bank calculates the recoverable amount of the CGU using cash flow projections based on financial forecasts approved by management covering a five-year period. As at 30 June 2025, the discount rate used in the Bank’s cash flow forecast is 10% (31 December 2024: 10%). The discount rate used reflects specific risks relating to the relevant segments.

Based on the result of the impairment testing, no additional impairment losses on goodwill were recognised for the period.

21 Deferred tax assets and liabilities

Deferred income tax assets and deferred income tax liabilities that have not been offset:

	30 June 2025	31 December 2024
Deferred income tax assets	40,399	37,608
Deferred income tax liabilities	(4,407)	(6,250)
Total	35,992	31,358

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

21 Deferred tax assets and liabilities (continued)

(a) Analysed by nature

	30 June 2025		31 December 2024	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred income tax assets				
– Fair value changes	3,316	829	60	15
– Provision for impairment losses	129,848	32,462	124,352	31,088
– Accrued staff costs and others	28,432	7,108	26,020	6,505
Total	161,596	40,399	150,432	37,608
Deferred income tax liabilities				
– Fair value changes	(12,648)	(3,162)	(19,444)	(4,861)
– Others	(4,980)	(1,245)	(5,556)	(1,389)
Total	(17,628)	(4,407)	(25,000)	(6,250)

(b) Movements of deferred tax

	Provision for impairment losses Note(i)	Fair value changes of financial instruments Note(ii)	Accrued staff costs and others	Net balance of deferred tax assets/ (liabilities)
As at 1 January 2025	31,088	(4,846)	5,116	31,358
Recognised in profit or loss	1,380	1,073	747	3,200
Recognised in other comprehensive income	(6)	1,440	–	1,434
As at 30 June 2025	32,462	(2,333)	5,863	35,992

	Provision for impairment losses Note(i)	Fair value changes of financial instruments Note(ii)	Accrued staff costs and others	Net balance of deferred tax assets/ (liabilities)
As at 1 January 2024	29,550	–	4,424	33,974
Recognised in profit or loss	1,513	(1,870)	692	335
Recognised in other comprehensive income	25	(2,976)	–	(2,951)
As at 31 December 2024	31,088	(4,846)	5,116	31,358

Notes:

(i) The Group made provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of the reporting period. Besides, the amounts deductible for income tax purposes which fulfil specific criteria as set out in the PRC tax rules are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs and are approved by the tax authorities.

(ii) Fair value changes of financial instruments are subject to tax when realised.

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

22 Other assets

	Note	30 June 2025	31 December 2024
Other receivables	(a)	44,240	31,368
Interest receivables		10,226	9,937
Intangible assets		4,801	4,963
Property and equipment purchase prepayment		4,596	4,491
Refundable Deposits		3,196	1,783
Long-term deferred expense		859	954
Reposessed assets		79	83
Land use right		63	67
Others		3,367	3,201
Total		71,427	56,847

Note:

(a) Other receivables mainly include items in the process of clearing and settlement, the amount of impairment allowance is not material.

23 Pledged assets

(a) Assets pledged as collateral

The Group's assets as collateral for liabilities include discounted bills, debt securities and property and equipment, which are mainly used as collateral for repurchase agreements, time deposits, derivative contracts, borrowings from banks and due to the central bank. The carrying amount of the assets pledged as securities as at 30 June 2025 was RMB543,890 million (as at 31 December 2024: RMB321,403 million)

(b) Collateral received

The Group accepted securities as collateral for those which are permitted to be sold or re-pledged in connection with reverse repurchase agreements with banks and other financial institutions in the six months ended 30 June 2025.

As at 30 June 2025, the Group had no collateral received from banks and other financial institutions (31 December 2024: Nil). As at 30 June 2025, the Group had no collateral that was sold or re-pledged but was obligated to return (31 December 2024: Nil). These transactions are conducted under standard terms in the normal course of business.

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

24 Due to the central bank

	30 June 2025	31 December 2024
Due to the central bank	161,880	95,007
Accrued interest	1,554	626
Total	163,434	95,633

25 Deposits from banks and other financial institutions

Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Deposits in Chinese Mainland		
– Banks	113,180	200,642
– Other financial institutions	403,357	377,851
Deposits overseas		
– Banks	16	878
Subtotal	516,553	579,371
Accrued interest	1,602	2,165
Total	518,155	581,536

26 Placements from banks and other financial institutions

Analysed by type and location of counterparty

	30 June 2025	31 December 2024
Placements in Chinese Mainland		
– Banks	119,067	142,984
– Other financial institutions	5,606	2,684
Placements overseas		
– Banks	43,285	70,022
Subtotal	167,958	215,690
Accrued interest	723	872
Total	168,681	216,562

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

27 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparty

	30 June 2025	31 December 2024
In Chinese Mainland		
– Banks	168,069	50,502
Overseas		
– Banks	23,728	24,378
– Other financial institutions	671	744
Subtotal	192,468	75,624
Accrued interest	397	169
Total	192,865	75,793

(b) Analysed by collateral

	30 June 2025	31 December 2024
Bonds		
– Government bonds	17,732	1,556
– Other debt securities	173,206	70,039
Bills	1,530	4,029
Subtotal	192,468	75,624
Accrued interest	397	169
Total	192,865	75,793

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

28 Deposits from customers

	30 June 2025	31 December 2024
Demand deposits		
– Corporate customers	818,532	760,979
– Individual customers	311,832	301,162
Subtotal	1,130,364	1,062,141
Time deposits		
– Corporate customers	1,590,844	1,459,520
– Individual customers	1,029,930	977,213
Subtotal	2,620,774	2,436,733
Pledged deposits	424,113	458,063
Other deposits	1,058	591
Subtotal deposits from customers	4,176,309	3,957,528
Accrued interest	76,873	78,159
Total	4,253,182	4,035,687

29 Accrued staff costs

	Notes	30 June 2025	31 December 2024
Salary and welfare payable		16,166	17,643
Pension and annuity payable	(a)	333	291
Supplementary retirement benefits payable	(b)	3,961	3,961
Total		20,460	21,895

Notes:

(a) Pension and annuity payable

Pursuant to the relevant laws and regulations in the PRC, the Group operates a defined contribution scheme for its employees arranged by local government labour and social security organisations. The Group makes contributions to the retirement scheme at the applicable rates based on the amounts stipulated by the relevant government organisations.

In addition to the pension mentioned above, the Group provides an annuity plan to the eligible employees. The Group makes annuity contributions in proportion to its employees' gross wages in the prior year, which are expensed to profit or loss when the contributions are made.

(b) Supplementary retirement benefits ("SRB")

The Group pays SRB for eligible employees. The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting period.

Except for (a) and (b) above, the Group has no other major responsibilities for the payment of employee retirement benefits and other post-retirement benefits. There is no balance in arrears in the above staff emoluments payable.

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

30 Taxes payable

	30 June 2025	31 December 2024
Income tax payable	2,391	1,896
Value added tax payable	2,721	2,444
Others	384	418
Total	5,496	4,758

31 Lease liabilities

	30 June 2025	31 December 2024
Within 1 year (inclusive)	2,826	2,864
1 year to 2 years (inclusive)	2,330	2,373
2 years to 3 years (inclusive)	1,945	1,964
3 years to 5 years (inclusive)	2,225	2,515
More than 5 years	1,657	1,742
Total undiscounted lease liabilities	10,983	11,458
Lease liabilities	10,040	10,412

32 Debt securities issued

	Notes	30 June 2025	31 December 2024
Financial bonds issued	(a)	259,600	278,882
Tier-two capital bonds issued	(b)	61,595	61,594
Interbank deposits issued	(c)	813,516	817,541
Certificates of deposit issued	(d)	42,808	38,004
Medium term notes issued	(e)	34,680	30,546
Subtotal		1,212,199	1,226,567
Accrued interest		4,821	4,545
Total		1,217,020	1,231,112

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

32 Debt securities issued (continued)

(a) Financial bonds issued

	Notes	30 June 2025	31 December 2024
Fixed rate financial bonds maturing in February 2025	(i)	—	40,000
Floating rate financial bonds maturing in March 2025	(ii)	—	409
Floating rate financial bonds maturing in March 2025	(iii)	—	749
Floating rate financial bonds maturing in April 2025	(iv)	—	513
Floating rate financial bonds maturing in May 2025	(v)	—	272
Fixed rate financial bonds maturing in October 2025	(vi)	48,000	47,999
Floating rate financial bonds maturing in May 2026	(vii)	467	454
Fixed rate financial bonds maturing in May 2026	(viii)	20,000	19,999
Fixed rate financial bonds maturing in June 2026	(ix)	20,000	19,999
Fixed rate financial bonds maturing in September 2026	(x)	30,000	29,999
Fixed rate financial bonds maturing in November 2026	(xi)	27,999	27,999
Fixed rate financial bonds maturing in November 2026	(xii)	2,997	2,996
Fixed rate financial bonds maturing in March 2027	(xiii)	1,698	1,698
Fixed rate financial bonds maturing in March 2027	(xiv)	19,999	19,999
Fixed rate financial bonds maturing in April 2027	(xv)	29,999	29,999
Fixed rate financial bonds maturing in May 2027	(xvi)	2,197	2,196
Fixed rate financial bonds maturing in July 2027	(xvii)	2,287	2,286
Fixed rate financial bonds maturing in August 2027	(xviii)	24,999	24,999
Fixed rate financial bonds maturing in August 2027	(xix)	5,000	5,000
Floating rate financial bonds maturing in October 2027	(xx)	1,354	1,317
Fixed rate financial bonds maturing in February 2028	(xxi)	2,605	—
Fixed rate financial bonds maturing in March 2028	(xxii)	19,999	—
Total		259,600	278,882

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

32 Debt securities issued (continued)

(a) Financial bonds issued (continued)

Notes:

- (i) Fixed rate social bonds for Small and Micro Enterprises Loans of RMB40.00 billion with a term of three years were issued by the Bank on 17 February 2022. The coupon rate is 2.73% per annum.
- (ii) Floating rate financial bonds of AUD 90.00 million with a term of two years were issued by the Bank's Sydney branch on 24 February 2023. The coupon rate is 3MBBSW+93BPS per annum.
- (iii) Floating rate financial bonds of AUD 165.00 million with a term of two years were issued by the Bank's Sydney branch on 15 March 2023. The coupon rate is 3MBBSW+100BPS per annum.
- (iv) Floating rate financial bonds of AUD 113.00 million with a term of two years were issued by the Bank's Sydney branch on 19 April 2023. The coupon rate is 3MBBSW+90BPS per annum.
- (v) Floating rate financial bonds of AUD 60.00 million with a term of two years were issued by the Bank's Sydney branch on 8 May 2023. The coupon rate is 3MBBSW+92BPS per annum.
- (vi) Fixed rate financial bonds of RMB48.00 billion with a term of three years were issued by the Bank on 18 October 2022. The coupon rate is 2.47% per annum.
- (vii) Floating rate financial bonds of AUD 100.00 million with a term of three years were issued by the Bank's Sydney branch on 5 May 2023. The coupon rate is 3MBBSW+105BPS per annum.
- (viii) Fixed rate financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 16 May 2023. The coupon rate is 2.68% per annum.
- (ix) Fixed rate green financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 19 June 2023. The coupon rate is 2.68% per annum.
- (x) Fixed rate financial bonds (Phase II) of RMB30.00 billion with a term of three years were issued by the Bank on 21 September 2023. The coupon rate is 2.72% per annum.
- (xi) Fixed rate financial bonds (Phase III) of RMB28.00 billion with a term of three years were issued by the Bank on 7 November 2023. The coupon rate is 2.81% per annum.
- (xii) Fixed rate financial bonds of RMB3.00 billion with a term of three years were issued by Everbright Financial Leasing on 8 November 2023. The coupon rate is 2.85% per annum.
- (xiii) Fixed rate financial bonds (Phase I) of RMB2.00 billion with a term of three years were issued by Everbright Financial Leasing on 4 March 2024. The coupon rate is 2.45% per annum.
- (xiv) Fixed rate financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 15 March 2024. The coupon rate is 2.43% per annum.
- (xv) Fixed rate social bonds for Small and Micro Enterprises Loans of RMB30.00 billion with a term of three years were issued by the Bank on 23 April 2024. The coupon rate is 2.15% per annum.
- (xvi) Fixed rate financial bonds (Phase II) of RMB2.50 billion with a term of three years were issued by Everbright Financial Leasing on 23 May 2024. The coupon rate is 2.20% per annum.
- (xvii) Fixed rate financial bonds (Phase III) of RMB2.50 billion with a term of three years were issued by Everbright Financial Leasing on July 23 2024. The coupon rate is 2.02% per annum.
- (xviii) Fixed rate financial bonds (Phase II) of RMB25.00 billion with a term of three years were issued by the Bank on 23 August 2024. The coupon rate is 2.07% per annum.
- (xix) Fixed rate special financial bonds for agriculture, rural areas and farmers (Phase I) of RMB5.00 billion with a term of three years were issued by the Bank on 23 August 2024. The coupon rate is 2.05% per annum.
- (xx) Floating rate financial bonds of AUD 290.00 million with a term of three years were issued by the Bank's Sydney branch on 16 October 2024. The coupon rate is 3MBBSW+90BPS per annum.
- (xxi) Fixed rate green financial bonds of RMB3.00 billion with a term of three years were issued by Everbright Financial Leasing on 25 February 2025. The coupon rate is 1.88% per annum.
- (xxii) Fixed rate financial bonds (Phase I) of RMB20.00 billion with a term of three years were issued by the Bank on 24 March 2025. The coupon rate is 1.94% per annum.
- (xxiii) As at 30 June 2025, the total fair value of the financial bonds issued approximated to RMB261,833 million (31 December 2024: RMB282,377 million).

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

32 Debt securities issued (continued)

(b) Tier-two capital bonds issued

	Notes	30 June 2025	31 December 2024
Tier-two capital fixed rate bonds maturing in September 2030	(i)	1,598	1,597
Tier-two capital fixed rate bonds maturing in August 2032	(ii)	39,998	39,998
Tier-two capital fixed rate bonds maturing in April 2033	(iii)	9,999	9,999
Tier-two capital fixed rate bonds maturing in August 2037	(iv)	5,000	5,000
Tier-two capital fixed rate bonds maturing in April 2038	(v)	5,000	5,000
Total		61,595	61,594

Notes:

- (i) Fixed rate tier-two capital bonds of RMB1.60 billion with a term of ten years were issued on 16 September 2020 by Everbright Financial Leasing. The coupon rate is 4.39% per annum. The Group has an option to redeem the debts on 18 September 2025 at the nominal amount.
- (ii) Fixed rate tier-two capital bonds of RMB40.00 billion with a term of ten years were issued by the Bank on 25 August 2022. The coupon rate is 3.10% per annum. The Bank has an option to redeem the debts on 29 August 2027 at the nominal amount.
- (iii) Fixed rate tier-two capital bonds of RMB10.00 billion with a term of ten years were issued by the Bank on 10 April 2023. The coupon rate is 3.55% per annum. The Bank has an option to redeem the debts on 12 April 2028 at the nominal amount.
- (iv) Fixed rate tier-two capital bonds of RMB5.00 billion with a term of fifteen years were issued by the Bank on 25 August 2022. The coupon rate is 3.35% per annum. The Bank has an option to redeem the debts on 29 August 2032 at the nominal amount.
- (v) Fixed rate tier-two capital bonds of RMB5.00 billion with a term of fifteen years were issued by the Bank on 10 April 2023. The coupon rate is 3.64% per annum. The Bank has an option to redeem the debts on 12 April 2033 at the nominal amount.
- (vi) As at 30 June 2025, the fair value of the total tier-two capital bonds issued approximated to RMB64,114 million (31 December 2024: RMB64,578 million).

(c) Interbank deposits issued

As at 30 June 2025, the interbank deposits were issued by the Bank measured at amortised cost. The fair value of its outstanding interbank deposits issued was RMB814,096 million (31 December 2024: RMB818,756 million).

(d) Certificates of deposit issued

As at 30 June 2025, the certificates of deposit were issued by the Bank's Hong Kong Branch, Seoul Branch, Sydney Branch and Luxembourg Branch measured at amortised cost. The fair value of the certificates of deposit issued approximated to their carrying amount.

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

32 Debt securities issued (continued)

(e) Medium term notes issued

	Notes	30 June 2025	31 December 2024
Medium term notes with fixed rate maturing on 12 September 2025	(i)	1,499	1,499
Medium term notes with fixed rate maturing on 2 March 2026	(ii)	2,864	2,916
Medium term notes with fixed rate maturing on 14 May 2026	(iii)	1,499	1,499
Medium term notes with fixed rate maturing on 20 May 2026	(iv)	399	400
Medium term notes with fixed rate maturing on 22 May 2026	(v)	499	480
Medium term notes with floating rate maturing on 12 September 2026	(vi)	3,579	3,645
Medium term notes with floating rate maturing on 20 September 2026	(vii)	3,933	4,009
Medium term notes with fixed rate maturing on 19 November 2026	(viii)	1,499	1,498
Medium term notes with fixed rate maturing on 18 December 2026	(ix)	378	342
Medium term notes with fixed rate maturing on 18 December 2026	(x)	358	364
Medium term notes with fixed rate maturing on 18 December 2026	(xi)	998	997
Medium term notes with fixed rate maturing on 19 December 2026	(xii)	419	380
Medium term notes with fixed rate maturing on 21 December 2026	(xiii)	997	996
Medium term notes with fixed rate maturing on 8 March 2027	(xiv)	450	450
Medium term notes with floating rate maturing on 7 April 2027	(xv)	715	728
Medium term notes with fixed rate maturing on 26 April 2027	(xvi)	499	498
Medium term notes with floating rate maturing on 14 May 2027	(xvii)	3,936	4,008
Medium term notes with floating rate maturing on 3 June 2027	(xviii)	1,073	1,095
Medium term notes with fixed rate maturing on 30 September 2027	(xix)	1,430	1,456
Medium term notes with floating rate maturing on 30 October 2027	(xx)	1,217	1,102
Medium term notes with floating rate maturing on 19 November 2027	(xxi)	2,145	2,184
Medium term notes with floating rate maturing on 22 May 2028	(xxii)	4,294	—
Total		34,680	30,546

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

32 Debt securities issued (continued)

(e) Medium term notes issued (continued)

Notes:

- (i) Fixed rate medium term notes of RMB1.50 billion with a term of two years were issued by the Bank's Hong Kong branch on 12 September 2023. The coupon rate is 2.95% per annum.
- (ii) Fixed rate medium term notes of USD400.00 million with a term of three years were issued by the Bank's Hong Kong branch on 2 March 2023. The coupon rate is 4.99% per annum.
- (iii) Fixed rate medium term notes of RMB1.50 billion with a term of two years were issued by the Bank's Hong Kong branch on 14 May 2024. The coupon rate is 3.00% per annum.
- (iv) Fixed rate medium term notes of RMB400.00 million with a term of two years were issued by the Bank's Sydney branch on 20 May 2024. The coupon rate is 3.00% per annum.
- (v) Fixed rate medium term notes of RMB500.00 million with a term of two years were issued by the Bank's Sydney branch on 22 May 2024. The coupon rate is 0.00% per annum.
- (vi) Floating rate medium term notes of USD500.00 million with a term of three years were issued by the Bank's Hong Kong branch on 12 September 2023. The coupon rate is SOFR Compounded Index+63BPS per annum.
- (vii) Floating rate medium term notes of USD550.00 million with a term of three years were issued by the Bank's Sydney branch on 20 September 2023. The coupon rate is SOFR Compounded Index+63BPS per annum.
- (viii) Fixed rate medium term notes of RMB1.50 billion with a term of two years were issued by the Bank's Hong Kong branch on 19 November 2024. The coupon rate is 2.45% per annum.
- (ix) Fixed rate medium term notes of EUR 45.00 million with a term of three years were issued by the Bank's Luxembourg branch on 18 December 2023. The coupon rate is 3.70% per annum.
- (x) Fixed rate medium term notes of USD50.00 million with a term of three years were issued by the Bank's Luxembourg branch on 18 December 2023. The coupon rate is 5.00% per annum.
- (xi) Fixed rate medium term notes of RMB1.00 billion with a term of three years were issued by the Bank's Luxembourg branch on 28 December 2023. The coupon rate is 3.00% per annum.
- (xii) Fixed rate medium term notes of EUR 50.00 million with a term of three years were issued by the Bank's Luxembourg branch on 19 December 2023. The coupon rate is 3.66% per annum.
- (xiii) Fixed rate medium term notes of RMB1.00 billion with a term of three years were issued by the Bank's Luxembourg branch on 29 December 2023. The coupon rate is 3.10% per annum.
- (xiv) Fixed rate medium term notes of RMB450.00 million with a term of three years were issued by the Bank's Luxembourg branch on 6 March 2024. The coupon rate is 3.00% per annum.
- (xv) Floating rate medium term notes of USD100.00 million with a term of three years were issued by the Bank's Sydney branch on 28 March 2024. The coupon rate is SOFR Compounded Index+59BPS per annum.
- (xvi) Fixed rate medium term notes of RMB500.00 million with a term of three years were issued by the Bank's Sydney branch on 26 April 2024. The coupon rate is 2.80% per annum.

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

32 Debt securities issued (continued)

(e) Medium term notes issued (continued)

- (xvii) Floating rate medium term notes of USD550.00 million with a term of three years were issued by the Bank's Hong Kong branch on 14 May 2024. The coupon rate is SOFR Compounded Index+52BPS per annum.
- (xviii) Floating rate medium term notes of USD150.00 million with a term of three years were issued by the Bank's Sydney branch on 3 June 2024. The coupon rate is SOFR Compounded Index+54BPS per annum.
- (xix) Fixed rate medium term notes of USD200.00 million with a term of three years were issued by the Bank's Luxembourg branch on 30 September 2024. The coupon rate is 3.90% per annum.
- (xx) Floating rate medium term notes of EUR 145.00 million with a term of three years were issued by the Bank's Luxembourg branch on 30 October 2024. The coupon rate is EURIBOR 6M+60BPS per annum.
- (xxi) Floating rate medium term notes of USD300.00 million with a term of three years were issued by the Bank's Hong Kong branch on 19 November 2024. The coupon rate is SOFR Compounded Index+59BPS per annum.
- (xxii) Floating rate medium term notes of USD600.00 million with a term of three years were issued by the Bank's Hong Kong branch on 22 May 2025. The coupon rate is SOFR Compounded Index+54BPS per annum.
- (xxiii) As at 30 June 2025, the fair value of the medium term notes approximated to RMB34,814 million (31 December 2024: RMB30,644 million).

33 Other liabilities

	Notes	30 June 2025	31 December 2024
Bank loans	(a)	10,477	9,619
Payment and collection clearance accounts		8,517	11,087
Dividend payables		5,063	14
Deposit payable of finance leases		4,667	5,592
Provisions	(b)	3,545	2,409
Dormant accounts		875	729
Others		46,627	33,504
Total		79,771	62,954

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

33 Other liabilities (continued)

Notes:

- (a) The Group's subsidiary, Everbright Financial Leasing, borrowed long-term loans with terms of 1 to 10 years. Everbright Financial Leasing should repay the loan with quarterly interest payment or interest paid off with principal.
- (b) Provisions

	30 June 2025	31 December 2024
Expected credit losses on credit commitments	2,032	2,183
Litigation losses	92	93
Others	1,421	133
Total	3,545	2,409

The reconciliation of the expected credit losses on credit commitments was as follows:

	For the six months ended 30 June 2025	2024
As at 1 January 2025/1 January 2024	2,183	1,845
Net (reverse)/charge for the period/year	(151)	338
As at 30 June 2025/31 December 2024	2,032	2,183

34 Share capital

The Bank's shareholding structure as at the end of the reporting period is as follows:

	30 June 2025	31 December 2024
Ordinary shares listed in Chinese Mainland (A share, RMB1 per share)	46,407	46,407
Ordinary shares listed in Hong Kong (H share, RMB1 per share)	12,679	12,679
Total	59,086	59,086

The H shares rank pari passu in all respects with the A shares including the right to all dividend distributions declared, paid or made.

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

35 Other equity instruments

	Note	30 June 2025	31 December 2024
Preference shares	(a), (b), (c), (e)	64,906	64,906
Perpetual bonds	(d), (e)	39,993	39,993
Total		104,899	104,899

(a) Preference shares at the end of the reporting period

	Issue date	Dividend rate	Issue price (RMB/share)	Issue price (million)	Issue amount (RMBmillion)	Conversion condition
Everbright P1	2015-6-19	3.60%	100	200	20,000	Mandatory conversion triggering events
Everbright P2	2016-8-8	4.01%	100	100	10,000	Mandatory conversion triggering events
Everbright P3	2019-7-15	3.77%	100	350	35,000	Mandatory conversion triggering events
Subtotal					65,000	
Less: Issuing costs					(94)	
Book value					64,906	

(b) Main clauses of preference shares

(i) Dividend

Fixed rate for the first 5 years after issuance;

Dividend is reset every 5 years thereafter to the sum of the benchmark rate and the fixed spread;

The fixed spread equals to the spread between the dividend rate at the time of issuance and the benchmark rate. The fixed spread will remain unchanged throughout the term of the preference shares.

(ii) Conditions to distribution of dividends

The Group could pay dividends while the Group still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general reserve, and the Group's capital adequacy ratio meets regulatory requirements. The Group may elect to cancel any dividend, but such cancellation requires a shareholder's resolution to be passed.

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

35 Other equity instruments (continued)

(b) Main clauses of preference shares (continued)

(iii) Dividend blocker

If the Group cancels all or part of the dividends to the preference shareholders, the Group shall not make any dividend distribution to ordinary shareholders before the Group pays the dividends for the current dividend year to the preference shareholders in full.

(iv) Order of distribution and liquidation method

The preference shareholders are subordinated to the depositors, ordinary creditors, holders of subordinated debt, holders of Tier-two capital bonds, holders of convertible bonds and holders of perpetual bonds but have a higher priority in shares' distribution than the ordinary shareholders.

(v) Mandatory conversion triggering events

Upon the occurrence of an Additional Tier-one Capital Triggering Event (adequacy ratio of common equity tier-one capital of the Group falling to 5.125% or below), the Group shall have the right to convert all or part of the outstanding preference shares issued and existing at that time into A ordinary shares without obtaining the consent of preference shareholders, in order to restore the adequacy ratio of common equity tier-one capital of the Group to above 5.125%; If preference shares were converted to A shares, they cannot be converted to preference shares again.

Upon the occurrence of a Tier-two Capital Triggering Event, the Group has the right to convert all the outstanding preference shares issued and existing at that time into A ordinary shares based on the total amount without obtaining the consent of the preference shareholders. Once the preference shares converted into A ordinary shares, it will no longer be restored as preference shares in any circumstances. The Tier-two Capital Triggering Event means the earlier of the two situations: (1) NFRA has determined that the Group would become non-viable if there is no conversion or write-down of capital; and (2) the relevant authorities have determined that a public sector injection of capital or equivalent support is necessary, without which the Group would become non-viable).

(vi) Redemption

Subject to the prior approval of the NFRA and the satisfaction of the relevant requirements, the Group shall have the right to redeem all or part of the preference shares on any redeemable day (annual dividend of the preference shares payment day) after the fifth year following the completion date of the issuance of the preference shares. The specific commencement date of the redemption period shall be determined by the board directors in line with market conditions, subject to authorisation at a shareholders' general meeting (the authorisation can be further delegated). The redemption period for the preference shares shall commence on such commencement date of the redemption period and end on the completion date of the redemption or conversion of all the preference shares. Where redemption is in part, the preference shares shall be redeemed based on the same proportion and conditions. Preference shares shall be redeemed in cash. The redemption price shall be the par value plus the dividend declared but unpaid for the relevant period.

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

35 Other equity instruments (continued)

(c) Changes in preference shares outstanding

	1 January 2025		Additions for the period		30 June 2025	
	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value
Preference shares	650	64,906	–	–	650	64,906

	1 January 2024		Additions for the year		31 December 2024	
	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value	Number of shares (million)	Carrying value
Preference shares	650	64,906	–	–	650	64,906

(d) Main clauses of perpetual bonds

With the approvals by the relevant regulatory authorities in China, the Bank issued RMB40 billion of non-dated capital bonds (the “Bonds”) with write-down clauses in the domestic interbank bond market on 18 September 2020, and completed the issuance on 22 September 2020. The denomination of the Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first five years is 4.60%, which is reset every 5 years.

The duration of the Bonds is the same as the period of continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior approval of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date 5 years after the issuance date of the Bonds. Upon the occurrence of a trigger event for the write-downs, with the consent of the NFRA and without the consent of the bondholders, the Bank has the right to write down all or part of the Bonds issued and existing at that time in accordance with the total par value. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated creditors; and shall rank in priority to the claims of shareholders and will rank pari passu with the claims under any other additional tier 1 capital instruments of the Bank that rank pari passu with the Bonds.

The Bonds are paid with non-cumulative interest. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and such cancellation shall not constitute a default. The Bank may at its discretion utilise the proceeds from the cancelled distributions to meet other obligations of maturing debts. But the Bank shall not distribute profits to ordinary shareholders until the resumption of full interest payment.

Capital raised from the issuance of the Bonds, after deduction of transaction costs, was wholly used to replenish the Bank’s additional tier one capital and to increase its capital adequacy ratio.

Notes to the Unaudited Condensed Consolidated Financial Statements

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

35 Other equity instruments (continued)

(e) Interests attributable to equity instruments' holders

Items	30 June 2025	31 December 2024
Total equity attributable to equity shareholders of the Bank	594,534	587,700
– Equity attributable to ordinary shareholders of the Bank	489,635	482,801
– Equity attributable to preference shareholders of the Bank	64,906	64,906
– Equity attributable to Perpetual bonds holders of the Bank	39,993	39,993
Total equity attributable to non- controlling interests	2,648	2,531
– Equity attributable to non-controlling interests of ordinary shares	2,648	2,531

36 Capital reserve

	30 June 2025	31 December 2024
Share premium	74,473	74,473

37 Other comprehensive income

	30 June 2025	31 December 2024
Items that will not be reclassified to profit or loss		
Fair value changes on equity instruments at fair value through other comprehensive income	28	26
Remeasurement of a defined benefit plan	(1,169)	(1,169)
Subtotal	(1,141)	(1,143)
Items that will be reclassified to profit or loss		
Debt instruments at fair value through other comprehensive income	7,724	11,930
– Change in fair value	6,038	10,275
– Change in provision for impairment losses	1,686	1,655
Change in cash flow hedge	(8)	(13)
Exchange differences on translation of foreign operations	101	117
Subtotal	7,817	12,034
Total	6,676	10,891

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

37 Other comprehensive income (continued)

Other comprehensive income attributable to equity holders of the Bank in the condensed consolidated statement of financial position:

	Fair value change on debt instruments at fair value through other comprehensive income	Change in provision for impairment losses on debt instruments at fair value through other comprehensive income	Fair value change on equity instruments at fair value through other comprehensive income	Change in Cash flow hedge	Exchange differences on translation of foreign operations	Remeasurement of a defined benefit plan	Total
As at 1 January 2024	1,522	1,529	20	4	65	(895)	2,245
Changes in amount for the previous year	8,753	126	6	(17)	52	(274)	8,646
As at 1 January 2025	10,275	1,655	26	(13)	117	(1,169)	10,891
Changes in amount for the period	(4,237)	31	2	5	(16)	–	(4,215)
As at 30 June 2025	6,038	1,686	28	(8)	101	(1,169)	6,676

38 Surplus reserve and general reserve

(a) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund. The Bank is required to allocate 10% of its net profit, after making good prior year's accumulated losses, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital. The Bank did not appropriate statutory surplus reserve fund for the six months ended 30 June 2025 (2024: RMB:3,298million).

(b) General reserve

Pursuant to the Measures for Managing the Appropriation of Provisions of Financial Enterprises (Cai Jin [2012] No. 20) issued by the Ministry of Finance, 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 treated as a profit distribution and is part of the equity shareholders' interests and the general reserve through profit net of tax should not be less than 1.5% of the period-end balance of risk-bearing assets.

The Bank's subsidiaries appropriated their profits to the general reserve according to the applicable local regulations.

The Group appropriated RMB161 million of profits to the general reserve for the six months ended 30 June 2025 (2024: RMB3,730 million). The Bank did not appropriate general reserve for the six months ended 30 June 2025 (2024: RMB:3,271million).

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

39 Appropriation of profits

- (a) **At the Annual General Meeting of Shareholders held on 27 June 2025, the Shareholders approved the following profit appropriations for the year ended 31 December 2024:**
- Under the Company Law of the PRC, the statutory surplus reserve is withdrawn, amounting to RMB3,298 million;
 - Appropriated RMB3,271 million to general reserve;
 - Declared final cash dividends of RMB5,022 million to all ordinary shareholders, representing RMB0.85 per 10 shares before tax. Combined with the distributed interim cash dividends, total of RMB11,167 million, representing 1.89 per 10 shares before tax in 2024.
- (b) **At the Board Meeting held on 29 May 2025, the dividend distribution of the Everbright P1 was approved by the Board of Directors:**
- Declared cash dividends to preference shareholders of RMB890 million before tax, representing RMB4.45 per share before tax, accruing from 25 June 2024, and are calculated using the 4.45% of dividend yield ratio for the Everbright P1;
- (c) **At the Board Meeting held on 29 May 2025, the dividend distribution of the Everbright P2 was approved by the Board of Directors:**
- Declared cash dividends to preference shareholders of RMB401 million before tax, representing RMB4.01 per share before tax, accruing from 11 August 2024, and are calculated using the 4.01% of dividend yield ratio for the Everbright P2;
- (d) **At the first extraordinary general meeting on 7 January 2025, the shareholders approved the proposal on the medium-term distribution plan for 2024:**
- Declared Interim cash dividend in 2024 to all ordinary shareholders of RMB6,145 million before tax, representing RMB1.04 per 10 shares before tax;
- (e) **At the Board Meeting held on 7 January 2025, the dividend distribution of the Everbright P3 was approved by the Board of Directors:**
- Declared cash dividends to preference shareholders of RMB1,516 million before tax, calculated using the 4.80% of dividend yield ratio for the Everbright P3 from 1 January 2024 to 17 July 2024 and calculated using the 3.77% of dividend yield ratio for the Everbright P3 from 18 July 2024 to 31 December 2024;
- (f) **The Bank distributed the interest on the non-dated Capital Bonds amounting to RMB1,840 million on 22 September 2024.**
- (g) **At the Annual General Meeting of Shareholders held on 27 June 2024, the Shareholders approved the following profit appropriations for the year ended 31 December 2023:**
- Under the Company Law of the PRC, the Bank's statutory surplus reserve has reached 50% of its registered capital, so no further statutory surplus reserve shall be withdrawn for this profit distribution;
 - Appropriated RMB4,397 million to general reserve;
 - Declared cash dividends of RMB10,222 million to all ordinary shareholders, representing RMB1.73 per 10 shares before tax.

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

39 Appropriation of profits (continued)

(h) At the Board Meeting held on 27 May 2024, the dividend distribution of the Everbright P1 was approved by the Board of Directors:

- Declared cash dividends to preference shareholders of RMB890 million before tax, representing RMB4.45 per share before tax, accruing from 25 June 2023, and are calculated using the 4.45% of dividend yield ratio for the Everbright P1;

(i) At the Board Meeting held on 27 May 2024, the dividend distribution of the Everbright P2 was approved by the Board of Directors:

- Declared cash dividends to preference shareholders of RMB401 million before tax, representing RMB4.01 per share before tax, accruing from 11 August 2023, and are calculated using the 4.01% of dividend yield ratio for the Everbright P2;

(j) At the Board Meeting held on 27 March 2024, the dividend distribution of the Everbright P3 was approved by the Board of Directors:

- Declared cash dividends to preference shareholders of RMB1,680 million before tax, representing RMB4.80 per share before tax, accruing from 1 January 2023, and are calculated using the 4.80% of dividend yield ratio for the Everbright P3.

40 Involvement with structured entities

(a) Structured entities sponsored by third party institutions in which the Group holds interests:

In order to make better use of the funds to obtain income, the Group has an interest in the structured entities initiated and established by third-party institutions through direct holding of investments. Structured entities that the Group does not consolidate but in which it holds interests for better investment return, which include fund investments, asset management plans and asset-backed securities at fair value through profit or loss, asset management plans and asset-backed securities at amortised cost.

The following table sets out an analysis of the carrying amounts and maximum exposure of interests held by the Group in unconsolidated structured entities sponsored by third party institutions as at the end of the reporting period:

	30 June 2025		31 December 2024	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss				
– Fund investments	218,483	218,483	278,804	278,804
– Asset management plans	12,784	12,784	3,855	3,855
– Asset-backed securities	34,161	34,161	19,750	19,750
Financial investments measured at amortised cost				
– Asset management plans	16,388	16,388	17,280	17,280
– Asset-backed securities	64,767	64,767	73,791	73,791
Total	346,583	346,583	393,480	393,480

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

40 Involvement with structured entities (continued)

(b) Structured entities sponsored by the Group which the Group does not consolidate but hold interests in:

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interests held by the Group include investments in units issued by these structured entities and fees charged by providing management services. As at 30 June 2025, the carrying amounts of the investments in the notes issued by these structured entities and management fee receivables being recognised were not material to the Group.

As at 30 June 2025, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products which are sponsored by the Group was RMB1,799,091 million (31 December 2024: RMB1,599,488 million). The aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January 2025 but matured before 30 June 2025 was RMB17,811 million (Six months ended 30 June 2024: RMB12,248 million).

For the six months ended 30 June 2025, the amount of fee and commission income received from the unconsolidated structured entities by the Group was RMB1,875 million (Six months ended 30 June 2024: RMB1,674 million).

For the purpose of asset-liability management, wealth management products may cause short-term financing needs to the Group. The Group is not contractually obliged to provide financing. After internal risk assessment, the Group may enter into lending transactions with these wealth management products in accordance with market principles. As at 30 June 2025, the balance related to these products was Nil (31 December 2024: Nil). For the six months ended 30 June 2025, the amount of interest income from the above financing transactions was Nil (Six months ended 30 June 2024: Nil).

In addition, please refer to Note III 41 for the interests in the unconsolidated structured entities of asset securitisation transactions held by the Group as at 30 June 2025. For the six months ended 30 June 2025, the Group's income from these structured entities was not material.

(c) Consolidated structured entities

The structured entities included in the consolidation scope of the Group are mainly single asset management plans issued by third parties. When the Group has the right to a single asset management plan issued by a third party, can enjoy significant variable returns by participating in related activities, and has the ability to use its power over the investee to affect its variable returns, the Group has control over such a single asset management plan.

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

41 Transferred financial assets

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or to structured entities. In some cases, these transfers may give rise to full or partial de-recognition of the financial assets concerned in accordance with IFRS Accounting Standards. In other cases where the transferred assets do not qualify for de-recognition as the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

Credit assets backed securitisation

The Group enters into credit assets transfers in the normal course of business during which it transfers credit assets to structured entities which in turn issue asset-backed securities to investors. The Group may acquire some asset-backed securities at the subordinated tranche level and accordingly, may retain parts of the risks and rewards of the transferred credit assets. The Group would determine whether or not to derecognise the associated credit assets by evaluating the extent to which it retains the risks and rewards of the assets.

With respect to the credit assets that were securitised and qualified for de-recognition, the Group derecognised the transferred credit assets in their entirety. The corresponding total carrying amount of asset-backed securities held by the Group in the securitisation transactions amounted to RMB98 million as at 30 June 2025 (31 December 2024: RMB63 million).

For those in which the Group has neither transferred nor retained substantially all the risks and rewards of the transferred credit assets, and retained control of the credit assets, the transferred credit assets are recognised on the statement of financial position to the extent of the Group's continuing involvement. As at 30 June 2025, the Group has no continuing involvement in credit asset-backed securities (31 December 2024: Nil).

Transfer of non-performing loans

For the six months ended 30 June 2025, the Group disposed the original book value of non-performing loans of RMB143 million (for the six months ended 30 June 2024: RMB3,898 million) through transfer to a third party. The Group transferred almost all the risks and rewards of the ownership of such non-performing loans, so the Group terminated the recognition of such non-performing loans.

Transfer of right to earnings

The Group transfers the usufruct of credit assets to the special purpose trust plan, and then the investors receive the shares of the trust plan.

With respect to the credit assets that were transferred and qualified for de-recognition, the Group derecognised the transferred credit assets in their entirety. As at 30 June 2025, the Group held no units in corresponding transaction.

As the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets and it has retained control on them, these financial assets are recognised on the statement of financial position to the extent of the Group's continuing involvement. The extent of the Group's continuing involvement is the extent to which the Group is exposed to changes in the value of the transferred assets. As at 30 June 2025, the Group retains a continuing involvement in transferred credit assets in the form of subordinated tranches, which were accounted for in other assets and other liabilities. For the six months ended 30 June 2025, there were no new credit assets in which the Group retained the continuing involvement (for the six months ended 30 June 2024: Nil). As at 30 June 2025, the carrying amount of assets that the Group continues to recognise amounted to RMB251 million (31 December 2024: RMB251 million).

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

42 Capital management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by NFRA. The capital of the Group is categorised into common equity tier-one capital, additional tier-one capital and tier-two capital.

Capital adequacy ratio management is the key in capital management. The capital adequacy ratio reflects the soundness of the Group's operations and risk management capabilities. The main objective in capital adequacy ratio management is to set an optimal capital adequacy ratio that meets the regulatory requirements by benchmarking against the capital adequacy ratio level of leading global banks with reference to the Group's own business environment and conditions.

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio. The required information is filed with the NFRA by the Group and the Bank quarterly.

With effect from 1 January 2024, the Group has started computing its capital adequacy ratios in accordance with "Regulation Governing Capital of Commercial Banks" and other relevant regulations.

According to the Regulation Governing Capital of Commercial Banks, the capital adequacy ratio of commercial banks at all levels shall not be lower than the following minimum requirements: common equity tier-one capital adequacy ratio shall not be less than 5%, tier-one capital adequacy ratio shall not be less than 6%, and capital adequacy ratio shall not be less than 8%. Commercial banks should set aside reserve capital on the basis of minimum capital requirements which is 2.5% of risk-weighted assets and is met by common equity tier-one capital. Commercial banks also should provide counter-cyclical capital above the minimum capital requirements and reserve capital requirements, which is 0-2.5% of risk-weighted assets (the proportion shall be determined by the regulatory authority) and is met by common equity tier-one capital. According to the requirements of the Additional Regulatory Provisions on Systemically Important Banks (Provisional), systemically important banks should meet certain additional capital requirements which are met by common equity tier-one capital, on the basis of meeting the minimum capital requirements, reserve capital and counter-cyclical capital requirements. The Group is in the first group on the list of systemically important banks, and need to meet the additional capital requirement of 0.25%. In addition, subsidiaries or branches of the bank incorporated overseas are also directly regulated and supervised by their respective local banking supervisors, respectively. There are differences in the capital adequacy requirements of different countries.

The credit risk weighting method, market risk standard method and operational risk standard method are used to measure risk weighted assets. To measure the credit risk weighted assets of various on balance sheet assets, the corresponding impairment provision shall be deducted from the book value of the assets first, and then multiplied by the risk weight; To measure the credit risk weighted assets of various off balance sheet items, the nominal amount of off balance sheet items shall be multiplied by the credit conversion coefficient to obtain the equivalent on balance sheet assets, and then the risk weighted assets shall be measured according to the treatment method of on balance sheet assets. Risk weighted assets of counterparty credit risk exposure, including counterparty credit risk arising from derivatives transactions and securities financing transactions with counterparties.

During the reporting period, the Group's capital adequacy ratio at all levels meets regulatory requirements.

As of June 30, 2025, the capital adequacy ratio indicators of the Group measured in accordance with the "Measures for the Management of Capital of Commercial Banks" and other relevant regulations are listed in the "Pillar 3 Report as 30 June 2025" that the Group has publicly disclosed.

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

43 Notes to consolidated statement of cash flows

(a) Net change in cash and cash equivalents

	For the six months ended 30 June	
	2025	2024
Cash and cash equivalents as at 30 June	224,615	143,456
Less: Cash and cash equivalents as at 1 January	128,057	123,902
Net increase in cash and cash equivalents	96,558	19,554

(b) Cash and cash equivalents

	30 June 2025	30 June 2024
Cash on hand	8,889	8,086
Surplus deposit reserves	87,232	76,112
Deposits with banks and other financial institutions due within three months when acquired	113,451	32,807
Placements with banks and other financial institutions due within three months when acquired	15,043	26,451
Total	224,615	143,456

(c) Reconciliation of liabilities arising from financing activities

	Debt securities issued	Lease liabilities	Dividend payables	Total
As at 1 January 2025	1,231,112	10,412	14	1,241,538
Financing cash flows	(27,477)	(1,423)	(8,524)	(37,424)
Non-cash changes				
– Interest expense	13,385	175	–	13,560
– Net increase in leases	–	876	–	876
– Appropriation of profits	–	–	13,573	13,573
As at 30 June 2025	1,217,020	10,040	5,063	1,232,123

	Debt securities issued	Lease liabilities	Dividend payables	Total
As at 1 January 2024	1,099,326	10,349	23	1,109,698
Financing cash flows	60,658	(1,541)	(2,591)	56,526
Non-cash changes				
– Interest expense	14,790	194	–	14,984
– Net increase in leases	–	980	–	980
– Appropriation of profits	–	–	12,837	12,837
As at 30 June 2024	1,174,774	9,982	10,269	1,195,025

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

43 Notes to consolidated statement of cash flows (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Debt securities issued	Lease liabilities	Dividend payables	Total
As at 1 January 2024	1,099,326	10,349	23	1,109,698
Financing cash flows	103,181	(3,063)	(15,123)	84,995
Non-cash changes				
– Interest expense	28,605	385	–	28,990
– Net increase in leases	–	2,741	–	2,741
– Appropriation of profits	–	–	15,114	15,114
As at 31 December 2024	1,231,112	10,412	14	1,241,538

44 Related party relationships and transactions

(a) Related party relationships

(i) *The ultimate parent company and its subsidiaries*

The ultimate parent of the Group is China Investment Corporation (“CIC”) set up in China.

Approved by the State Council of the PRC, CIC was established on 29 September 2007 with registered capital of USD200 billion. Central Huijin Investment Ltd. (“Huijin”) is a wholly-owned subsidiary of CIC and exercises its rights and obligations as an investor on behalf of CIC to ultimately control the Bank through the China Everbright Group.

Huijin was established as a wholly state-owned investment company on 16 December 2003. It was registered in Beijing with registered capital of RMB828,209 million. Apart from holding equity investments as authorised by the State Council of the PRC, it does not engage in any other commercial operations.

The Group’s transactions with CIC, Huijin and its affiliates mainly include deposit taking, purchases and sales of debt securities, money market transactions and inter-bank clearing. These transactions are priced based on market prices and conducted under normal commercial terms.

The Group has issued subordinated debts, financial bonds, interbank deposits and certificates of deposit which are tradable bearer bonds in the secondary market. Accordingly, the Group has no information in respect of the amount of the debts held by these banks and other financial institutions as at the end of the reporting date. The amounts and balances with related parties and transactions between the Group and the ultimate parent company and its subsidiaries are listed in Note III 44(b).

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

44 Related party relationships and transactions (continued)

(a) Related party relationships (continued)

(ii) *Affiliated companies*

The immediate parent of the Group is China Everbright Group Ltd. (“China Everbright Group”). The uniform social credit code of China Everbright Group is 91100000102063897J. The affiliated companies refer to China Everbright Group and its affiliated companies. The transactions and balances with China Everbright Group and its affiliates are listed in Note III 44(b).

The affiliated companies that have related party transactions with the Group are mainly as follows:

Related parties

- Everbright Xinglong Trust Co., Ltd.
- Everbright Securities Co., Ltd.
- Everbright Jin’ou Asset Management Co., Ltd.
- Shanghai Everbright Securities Asset Management Co., Ltd.
- Sun Life Everbright Life Insurance Co., Ltd.
- Everbright Financial Holdings Asset Management Co., Ltd.
- Everbright Futures Co., Ltd.
- Shanghai CEL JIAXIN Equity Investment Management Co., Ltd.
- Sun Life Everbright Asset Management Co., Ltd.
- Yixing Huankeyuan Optical Control Industry Investment Partnership (Limited Partnership)
- Guokai Jinzhan Economic and Trade Co., Ltd.
- Everbright Prudential Fund Management Co., Ltd.
- Kunshan Development Zone Optical Control Digital Industry Master Fund Partnership (Limited Partnership)
- Everbright Happiness International Leasing Co., Ltd.
- Jia Shi Guo Run (Shanghai) Medical Technology Co., Ltd.
- Ganzhou Guangqi Guohui Venture Capital Partnership (Limited Partnership)
- China Everbright Industry (Group) Co., Ltd.
- Shanghai Jiashi Jiayi Medical Equipment Co., Ltd.
- Jiashitang Pharmaceutical Co., Ltd.
- Everbright Financial Holding(Tianjin)Venture Capital Co., Ltd.
- Everbright Elderly Care and Health Industry Development Co., Ltd.
- Everbright Environmental Protection (China) Co., Ltd.
- Shanghai Minglun Medical Equipments Co., Ltd.
- Guangcai Tendering (Shenzhen) Co., Ltd.
- Everbright Real Estate Co., Ltd.
- Everbright Financial Holding Investment Holdings Co., Ltd.
- Qingdao Guangkong Low Carbon New Energy Equity Investment Co., Ltd.
- CYTS New Area (Beijing) Travel Service Co., Ltd.
- China Young Chuangyi Investment Management Co., Ltd.
- JOYLOWIN INVESTMENT COMPANY LIMITED

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

44 Related party relationships and transactions (continued)

(a) Related party relationships (continued)

(iii) Other related parties

Other related parties include key management personnel (directors, supervisors, senior management personnel of the head office) and their close family members, enterprises controlled, jointly controlled or exerted significant influence by key management personnel or their close family members, shareholders holding more than 5% shares of the Group and the key management personnel in direct control party.

The other related parties that have related party transactions with the Group are as follows:

Other related parties

- CITIC Financial Asset Management Corporation Limited
- China UnionPay Co., Ltd.
- China Cinda Asset Management Co., Ltd.
- Shenzhen Overseas Chinese Town Holdings Co., Ltd.
- Beijing Huaheng Xingye Real Estate Development Co., Ltd.
- Overseas Chinese Town Group Co., Ltd.
- Huarong Financial Leasing Co., Ltd.
- Jiangsu Hengrui Medicine Co., Ltd.
- China Cosco Shipping Corporation Limited
- CALC Financial Leasing Co., Ltd.
- COSCO SHIPPING Development (Hong Kong) Limited
- COSCO SHIPPING Finance Co., Ltd.
- COSCO SHIPPING Investment & Holding Co., Ltd.
- Rinnai Corporation Shanghai
- Orient Futures Co., Ltd.
- Sheneng Group Finance Co., Ltd.
- Shanghai Light Control Mai Ming Investment Center (L.P.)
- Da Cheng Fund Management Co., Ltd.
- Konka Group Co., Ltd.
- CSSC (Hong Kong) Shipping Company Limited
- Zhongfei Baoqing Leasing (Tianjin) Co., Ltd.
- China Merchants Securities Co., Ltd.
- Orient Securities Co., Ltd.
- COSCO SHIPPING Development Co., Ltd.
- Changjiang Pension Insurance Co., Ltd.
- Haifa Baocheng Finance Leasing Co., Ltd.
- Huai'an Hongze District Guangqi Venture Capital Partnership (Limited Partnership)
- Zhonglong Aircraft Recycling and Remanufacturing Co., Ltd.
- Zhangjiakou Guanghexiangda Property Service Co., Ltd.
- Wuhan Qingshan Ancient Town Real Estate Co., Ltd.

The amounts and balances of transactions between the Group and other related parties are shown in Note III 44(b).

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

44 Related party relationships and transactions (continued)

(b) Related party transactions

(i) *The ultimate parent company and its subsidiaries*

The Group's material transactions with CIC, Huijin and its affiliates during the reporting period are summarised as follows:

	For the six months ended 30 June	
	2025	2024
Interest income	1,331	639
Interest expense	(2,947)	(4,346)

The Group's material balances with CIC, Huijin and its affiliates at the end of the reporting period are summarised as follows:

	30 June 2025	31 December 2024
Deposits with banks and other financial institutions	59,211	3,980
Placements with banks and other financial institutions	40,256	34,383
Derivative financial assets	2,489	27,629
Financial assets held under resale agreements	500	12,501
Loans and advances to customers	6,268	14,078
Financial investments	311,762	303,663
– Financial assets at fair value through profit or loss	84,169	90,821
– Debt instruments at fair value through other comprehensive income	95,126	71,198
– Financial investments measured at amortised cost	132,467	141,644
Other assets	75	730
Total	420,561	396,964
Deposits from banks and other financial institutions	71,983	137,843
Placements from banks and other financial institutions	45,138	71,056
Derivative financial liabilities	2,194	26,526
Financial assets sold under repurchase agreements	30,001	21,501
Deposits from customers	98,068	103,498
Other liabilities	488	3,002
Total	247,872	363,426

(ii) *Transactions with other PRC state-owned entities*

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations ("state-owned entities"). Transactions with other state-owned entities include but are not limited to: lending and deposit taking; taking and placing of inter-bank balances; entrusted lending and other custody services; insurance and securities agency, and other intermediary services; sale, purchase, underwriting and redemption of bonds issued by other state-owned entities; purchase, sale and leases of property and other assets; and rendering and receiving of utilities and other services.

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

44 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(ii) Transactions with other PRC state-owned entities (continued)

These transactions are conducted in the ordinary course of the Group's banking business on terms similar to those that would have been entered into with non-state-owned entities. The Group's pricing strategy and approval processes for major products and services, such as loans, deposits and commission income, do not depend on whether or not the customers are state-owned entities. Having considered the substance of the relationships, the Group is of the opinion that none of these transactions are material related party transactions that require separate disclosure.

(iii) Affiliated companies and other related parties

The Group's material transactions and balances with China Everbright Group and the above related parties during and at the end of the reporting period are summarised as follows:

	China Everbright Group	Other affiliated companies	Others	Total
Transactions with related parties for the six months ended 30 June 2025:				
Interest income	–	397	518	915
Interest expense	(55)	(247)	(374)	(676)
Balances with related parties as at 30 June 2025:				
Placements with banks and other financial institutions	–	–	22,791	22,791
Derivative financial assets	–	–	27	27
Loans and advances to customers	–	4,043	15,134	19,177
Financial investments	–	2,165	10,906	13,071
– Financial assets at fair value through profit or loss	–	2,000	6,207	8,207
– Debt instruments at fair value through other comprehensive income	–	–	1,641	1,641
– Financial investments at amortised cost	–	165	3,058	3,223
Other assets	–	–	1,472	1,472
Total	–	6,208	50,330	56,538
Deposits from banks and other financial institutions	–	15,874	5,802	21,676
Derivative financial liabilities	–	–	12	12
Deposits from customers	5,650	8,212	14,875	28,737
Other liabilities	–	250	64	314
Total	5,650	24,336	20,753	50,739
Other significant off-balance sheet items with related parties as at 30 June 2025:				
Guarantee granted (Note)	180	–	–	180

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

44 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(iii) Affiliated companies and other related parties (continued)

	China Everbright Group	Other affiliated companies	Others	Total
Transactions with related parties for the six months ended 30 June 2024:				
Interest income	–	113	736	849
Interest expense	(127)	(254)	(567)	(948)
Balances with related parties as at 31 December 2024:				
Placements with banks and other financial institutions	–	–	13,308	13,308
Derivative financial assets	–	–	37	37
Loans and advances to customers	–	2,645	14,447	17,092
Financial investments	–	16,125	6,145	22,270
– Financial assets at fair value through profit or loss	–	16,060	4,340	20,400
– Debt instruments at fair value through other comprehensive income	–	–	654	654
– Financial investments at amortised cost	–	65	1,151	1,216
Other assets	–	185	1,667	1,852
Total	–	18,955	35,604	54,559
Deposits from banks and other financial institutions	–	14,537	8,117	22,654
Derivative financial liabilities	–	–	17	17
Deposits from customers	5,849	9,547	15,052	30,448
Other liabilities	–	52	438	490
Total	5,849	24,136	23,624	53,609
Significant other off-balance sheet with related parties as at 31 December 2024:				
Guarantee granted (Note)	180	–	–	180

Note: As at 30 June 2025, the Bank has guarantee obligations relating to China Everbright Group's outstanding interest obligation of RMB180 million (31 December 2024: RMB180 million) due to one of the state-owned commercial banks.

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

44 Related party relationships and transactions (continued)

(b) Related party transactions (continued)

(iv) Remuneration of directors, supervisors and senior management

	For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Remuneration	7,261	7,086
– Retirement benefits	736	725
– Basic social pension insurance	242	244

(v) Loans to related natural persons

The aggregate amount of relevant loans outstanding as at 30 June 2025 to related natural persons amounted to RMB2 million (As at 31 December 2024: RMB2 million).

Of which the aggregate amount of relevant loans outstanding to directors, supervisors and senior management, are as follows:

The aggregate amount of relevant outstanding loans to directors, supervisors, senior management or their associates of the Group disclosed pursuant to section 78 of Schedule 11 to the revised Hong Kong Companies Ordinance, with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), are as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Aggregate amount of relevant loans outstanding as at the end of period/year	39	45
Maximum aggregate amount of relevant loans outstanding during the period/year	271	236

The banking transactions between the group and its related parties are conducted on normal commercial terms.

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

45 Statement of financial position of the Bank

	Note III	30 June 2025	31 December 2024
Assets			
Cash and deposits with central banks		315,455	282,597
Deposits with banks and other financial institutions		98,296	24,795
Precious metals		3,933	6,788
Placements with banks and other financial institutions		192,416	192,282
Derivative financial assets		10,784	33,795
Financial assets held under resale agreements		23,038	113,244
Loans and advances to customers		3,994,667	3,849,147
Financial investments		2,307,793	2,187,742
– Financial assets at fair value through profit or loss		433,271	434,938
– Debt instruments at fair value through other comprehensive income		741,085	592,704
– Equity instruments at fair value through other comprehensive income		1,138	1,135
– Financial investments measured at amortised cost		1,132,299	1,158,965
Investments in subsidiaries	17(a)	11,190	11,190
Property and equipment		15,635	16,038
Right-of-use assets		9,679	10,132
Goodwill		1,281	1,281
Deferred tax assets		35,010	30,387
Other assets		64,048	50,448
Total assets		7,083,225	6,809,866

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

45 Statement of financial position of the Bank (continued)

	30 June 2025	31 December 2024
Liabilities and equity		
Liabilities		
Due to the central bank	163,434	95,633
Deposits from banks and other financial institutions	522,825	590,770
Placements from banks and other financial institutions	71,790	114,641
Derivative financial liabilities	12,303	32,448
Financial assets sold under repurchase agreements	181,605	67,735
Deposits from customers	4,254,081	4,035,641
Accrued staff costs	19,814	21,141
Taxes payable	4,873	4,000
Lease liabilities	9,898	10,221
Debt securities issued	1,203,451	1,220,223
Other liabilities	62,994	46,083
Total liabilities	6,507,068	6,238,536
Equity		
Share capital	59,086	59,086
Other equity instruments	104,899	104,899
of which: Preference shares	64,906	64,906
Perpetual bonds	39,993	39,993
Capital reserve	74,473	74,473
Other comprehensive income	6,488	10,770
Surplus reserve	29,543	29,543
General reserve	85,097	85,097
Retained earnings	216,571	207,462
Total equity	576,157	571,330
Total liabilities and equity	7,083,225	6,809,866

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

46 Segment reporting

The Group manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations and government agencies. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, cash management services, financial consulting and advisory services, remittance and settlement services and guarantee services.

Retail banking

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans, deposit taking activities, bank card business, personal wealth management services, remittance services and securities agency services.

Financial market business

This segment covers the Group's financial market business. The financial market business enters into inter-bank money market transactions, repurchase transactions and inter-bank investments. It also trades in debt securities, derivatives and foreign currency trading for its own accounts. The financial market business segment also covers customer-driven derivatives and foreign currency trading, as well as management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent equity investments and related income.

Measurement of segment assets and liabilities and measurement of segment income, expenses and results are based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/(expense)".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred to acquire property and equipment, intangible assets and other long-term assets.

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

46 Segment reporting (continued)

(a) Segment results, assets and liabilities

	For the six months ended 30 June 2025				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income	14,936	19,741	10,755	–	45,432
Internal net interest income/(expense)	5,427	(244)	(5,183)	–	–
Net interest income	20,363	19,497	5,572	–	45,432
Net fee and commission income	3,656	6,009	778	–	10,443
Net trading gains	–	–	803	–	803
Dividend income	–	–	–	0	0
Net gains/(losses) arising from investment securities	16	–	5,679	(2)	5,693
Net gains on derecognition of financial assets measured at amortised cost	–	–	1,974	–	1,974
Foreign exchange gains	80	30	600	–	710
Other net operating income	870	7	–	19	896
Operating income	24,985	25,543	15,406	17	65,951
Operating expenses	(8,274)	(9,684)	(953)	(446)	(19,357)
Credit impairment losses	(1,501)	(14,937)	536	–	(15,902)
Other impairment losses	(8)	(1)	(2)	–	(11)
Profit/(losses) before tax	15,202	921	14,987	(429)	30,681
Other segment information					
– Depreciation and amortisation	1,715	1,654	167	–	3,536
– Capital expenditure	1,645	2,090	171	–	3,906

	30 June 2025				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	2,952,702	1,650,329	2,593,013	5,274	7,201,318
Segment liabilities	3,112,767	1,489,330	2,030,919	3,330	6,636,346

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

46 Segment reporting (continued)

(a) Segment results, assets and liabilities (continued)

	For the six months ended 30 June 2024				
	Corporate banking	Retail banking	Financial market business	Others	Total
Operating income					
External net interest income	13,151	24,906	10,054	–	48,111
Internal net interest income/(expense)	7,896	(3,005)	(4,891)	–	–
Net interest income	21,047	21,901	5,163	–	48,111
Net fee and commission income	3,602	6,589	342	–	10,533
Net trading gains	–	–	1,685	–	1,685
Dividend income	–	–	–	0	0
Net gains/(losses) arising from investment securities	147	–	8,458	(117)	8,488
Net gains on derecognition of financial assets measured at amortised cost	–	–	140	–	140
Foreign exchange gains/(losses)	106	28	(140)	–	(6)
Other net operating income	807	48	4	56	915
Operating income	25,709	28,566	15,652	(61)	69,866
Operating expenses	(8,225)	(10,609)	(860)	(69)	(19,763)
Credit impairment losses	497	(19,819)	(933)	–	(20,255)
Other impairment losses	(40)	(2)	(1)	–	(43)
Gains on investments in joint ventures	–	–	–	10	10
Profit/(losses) before tax	17,941	(1,864)	13,858	(120)	29,815
Other segment information					
– Depreciation and amortisation	1,540	1,717	140	–	3,397
– Capital expenditure	1,513	2,096	144	–	3,753

	31 December 2024				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	2,796,284	1,616,318	2,510,205	3,575	6,926,382
Segment liabilities	2,944,188	1,441,306	1,980,214	3,068	6,368,776

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

46 Segment reporting (continued)

(a) Segment results, assets and liabilities (continued)

Reconciliation between segment assets, liabilities and total assets and total liabilities:

	Note III	30 June 2025	31 December 2024
Segment assets		7,201,318	6,926,382
Goodwill	20	1,281	1,281
Deferred tax assets	21	35,992	31,358
Total assets		7,238,591	6,959,021
Segment liabilities		6,636,346	6,368,776
Dividend payables	33	5,063	14
Total liabilities		6,641,409	6,368,790

(b) Geographical information

The Group operates principally in China with branches located in main provinces, autonomous regions and municipalities directly under the central government. Also, the Group has set up branches in Hong Kong, Macao, Luxembourg, Seoul, and Sydney, with subsidiaries located in Beijing, Wuhan city of Hubei Province, Shaoshan city of Hunan Province, Huai'an city of Jiangsu Province, Ruijin city of Jiangxi Province, Qingdao city of Shandong Province, Hong Kong and Luxembourg.

Non-current assets include property and equipment, right-of-use assets, land use rights and intangible assets. In presenting of geographical information, non-current assets are allocated based on geographical locations of the underlying assets. Operating income is allocated based on the locations of the branches which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Yangtze River Delta” refers to the following areas serviced by the following branches of the Bank and Huai'an Everbright Bank: Shanghai, Nanjing, Hangzhou, Suzhou, Ningbo and Wuxi;
- “Pearl River Delta” refers to the areas serviced by the following branches of the Bank: Guangzhou, Shenzhen, Fuzhou, Xiamen and Haikou;
- “Bohai Rim” refers to the areas serviced by the following branches of the Bank, Everbright Wealth and Sunshine Consumer: Beijing, Tianjin, Shijiazhuang, Jinan, Qingdao and Yantai;
- “Central” refers to the areas serviced by the following subsidiaries and branches of the Bank, Everbright Financial Leasing, Shaoshan Everbright Bank and Ruijin Everbright Bank: Zhengzhou, Taiyuan, Changsha, Wuhan, Hefei and Nanchang;
- “Western” refers to the areas serviced by the following branches of the Bank: Xi'an, Chengdu, Chongqing, Kunming, Nanning, Hohhot, Urumchi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa;

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

46 Segment reporting (continued)

(b) Geographical information (continued)

- “Northeastern” refers to the areas serviced by the following branches of the Bank: Heilongjiang, Changchun, Shenyang and Dalian;
- “Overseas” refers to the areas serviced by the Bank and the following branches, CEB International, CEB Europe: Hong Kong, Seoul, Luxembourg, Sydney, Macao; and
- “Head Office” refers to the head office of the Bank.

	Operating Income								
	Bohai Rim	Yangtze River Delta	Central	Pearl River Delta	Western	North eastern	Head Office	Overseas	Total
For the six months ended 30 June 2025	12,726	12,002	9,937	8,481	7,129	1,810	12,614	1,252	65,951
For the six months ended 30 June 2024	13,355	11,997	10,931	8,833	7,717	2,110	13,492	1,431	69,866

	Non-current Asset (Note (i))								
	Bohai Rim	Yangtze River Delta	Central	Pearl River Delta	Western	North eastern	Head Office	Overseas	Total
30 June 2025	3,264	3,300	18,129	3,702	2,929	1,019	12,921	259	45,523
31 December 2024	3,297	3,410	15,505	3,781	3,003	1,077	13,458	326	43,857

Note:

(i) Including property and equipment, right-of-use assets and other assets.

47 Risk Management

The goal of the Group’s financial risk management is to optimize capital allocation and achieve value creation within an acceptable range of risks, while meeting the requirements of regulatory authorities, depositors, and other stakeholders for the stable operation of banks. The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

This note presents information about the Group’s exposure to each of these risks and their sources, and the Group’s objectives, policies and procedures for measuring and managing these risks.

The Group’s risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Internal Audit Department of the Group undertakes both regular and ad hoc reviews of the compliance of internal control implementation with risk management policies.

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

47 Risk Management (continued)

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its contractual obligation or commitment to the Group. It arises primarily from credit and bond investment portfolios and guarantees granted.

Credit business

The board of directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The board gives advice on internal controls relating to risk management. Senior management is responsible for the implementation of the development strategy, risk strategy and risk management policies set by the board of directors. Senior management is responsible for the improvement of the risk management system and establishment of risk management policies and rules. Senior management is responsible for establishment of procedures and standards to identify, measure, evaluate, monitor and control credit risks. And senior management is responsible for the management of all types of risks and ensure that the business activities of the Bank are consistent with the risk strategy, risk appetite and risk policies adopted by the board of directors.

The business lines of the Group are directly responsible for the management of credit risk. The Risk Management Department is responsible for the development of risk management policies and procedures, and the monitoring and management of credit risks. The Internal Audit Department is responsible for auditing the performance of duties of business lines and the Risk Management Department, specifically as follows:

- The Corporate Finance Department/Strategic Account Department, Investment Banking Department, Inclusive Finance Department/Rural Revitalisation Finance Department, Credit Card Centre, Retail Credit Department, Digital Finance Department/E-cloud Banking Services Department and other business lines carry out corporate and retail business in accordance with the risk management policies and procedures of the Bank. The business lines are directly responsible for the management of credit risk, and they are the first line of defence of internal control. The business lines independently monitor the customer relationship and the whole process of specific business in its duration, and they are firstly responsible for the compliance and security of the business.
- The Bank's main responsible departments for credit risk management are the Risk Management Department, Credit Approval Department, Risk Monitoring Department, and Special Asset Management Department/Asset Management Department. They are the second line of defence of the internal control in credit risk management, and they are responsible for the overall execution of credit risk management. The functional departments of credit risk management determine their functional positioning in accordance with the basic procedures of "Policy and technology – Investigation and approval – During and post-lending monitoring – Collection and Resolution".
- The Internal Audit Department is the third line of defence of credit risk management, and undertakes the responsibility of execution and performance evaluation.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit business (continued)

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. According to the principle of effective checks and balances, The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and posts.

For corporate businesses, the Group has established industry-specific limits for credit and investment approval. It has put in place dynamic monitoring mechanism, with regular reporting of credit exposures to the board. The Group's credit risk management covers key operational phases, including pre-lending client due diligence, independent credit assessment and credit approval, loan payment and post-lending monitoring. With respect to pre-lending client due diligence, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit assessment and approval phase, the Group has established standardised system and procedures for credit evaluation and approval in accordance with the principle of separation of duties for assessment and approval as well as the hierarchical approval principle. All credit applications are approved by designated credit officers. In the loan payment phase, an independent responsible department has been established to manage and monitor the payment of the loan, ensuring that the payment conforms with the intended use of the loan approved. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

For personal credit operation business, the Group implemented control processes of "separation of review and approval, separation of approval and lending, separation of approval and mortgage registration, and separation of loan management and archival keeping" to effectively control the operational risk. During the pre-lending process, relatively managers are required to assess the income level, credit history, and repayment ability of the applicant to strengthen the credit evaluation of the applicant. During the review and approval process, the relatively managers forward the application and their recommendations to the loan-approval departments for further approval, and a standardized review and approval policies and process in accordance with the principle of "separation of review and approval" and "hierarchical approval" have been established for this process. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process in accordance with its standardized loan recovery procedures.

The Group adopts a risk-based loan classification system to manage its loan portfolio. Loans and advances are generally classified into normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. The Group measures and manages the quality of the Group's credit assets in accordance with the Rules on Risk Classification of Financial Assets of China Everbright Bank.

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

47 Risk Management (continued)

(a) Credit risk

Credit business (continued)

The core definitions of the five categories of loans and advances are set out below:

Normal:	Debtors can perform the contract and there is no objective evidence that the principal, interest or proceeds cannot be paid in full and on time.
Special mention:	Although there are currently a number of factors that may adversely affect the performance of the contract, the debtors are currently able to pay the principal, interest or proceeds.
Substandard:	Debtors are unable to pay the principal, interest or income in full, or the financial assets have suffered credit impairment.
Doubtful:	Debtors have been unable to pay the principal, interest or income in full, and the financial assets have suffered significant credit impairment.
Loss:	After all possible measures taken, only a very small part of the financial assets can be recovered, or all of the financial assets can be lost.

The Bank implemented a customer credit rating system based on the PD model. The PD model predicts the PD for customers in the coming year. The risk ratings of the customers is obtained through mapping relationship. The Group conducts recheck and optimization testing of the model according to the customer's actual default of the year to better identify the credit risk.

The customer credit ratings in the internal rating model are based on four categories of A, B, C and D which are further classified into twenty four grades as AAA+, AAA, AAA-, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C and D. Credit grading D equates to defaulted customers while the others are assigned to performing customers.

Management periodically reviews various elements of the Group's credit risk management process, in the context of loan portfolio growth, the changing portfolio mix and concentration of assets, and the evolving risk profile of the credit portfolio. From time to time, in this regard, refinements are made to the Group's credit risk management processes to ensure an effective management mechanism of the Group's credit risk exposures is always in place. These refinements include, among other things, adjustments to portfolio level controls, such as revisions to lists of approved borrowers, industry limits and underwriting criteria. Where circumstances related to specific loans or a group of loans increase the Bank's credit risk exposure, actions are taken, to the extent possible, to strengthen the Group's security position.

Financial market business

The Group incorporates the financial market business that bears credit risk into its unified credit management system, and ensure that the credit risk level borne by the financial market business meets the Group's risk appetite through differentiated access standards. Relevant standards will be dynamically adjusted.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement

Measurement of ECL

The Expected credit losses (“ECL”) is a weighted average of credit losses on financial instruments weighted at the probability of default. Credit loss is the difference between all contractual cash flows according to the contract and all cash flows expected to be received by the Group, discounted to present value at the original effective interest rate, i.e., the present value of all cash shortfalls.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instrument for the next 12 months;
- Stage 2: Financial instruments with significantly increased credit risk since initial recognition but are not credit-impaired are included in Stage 2, with their impairment allowance measured at an amount equivalent to the lifetime ECLs.
- Stage 3: Financial assets that are credit-impaired at the end of the reporting period are included in Stage 3, with their impairment allowance measured at the amount equivalent to the lifetime ECLs.

For the previous accounting year, the impairment allowance was measured at the amount equivalent to the ECL over the entire lifetime of the financial instrument. However, at the end of the reporting period, if the financial instrument no longer belongs to the situation of there being a significant increase in credit risk since initial recognition, the Group measures the impairment allowance of the financial instruments at the end of the reporting period according to the ECL in the next 12 months.

For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative change in lifetime ECL after initial recognition at the end of the reporting period as impairment allowance. At the end of each reporting period, the Group recognises the amount of the changes in ECL as an impairment allowance in profit or loss.

The Group measures ECL of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducted an assessment of ECL according to forward-looking information and used complex models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group adopts judgement, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as:

- Criteria for judging significant increases in credit risk
- Definition of credit-impaired assets
- Parameters for measuring ECL
- Forward-looking information
- Risk grouping

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at the end of each reporting period. When determining whether credit risk has increased significantly since initial recognition, the Group considers that it can obtain reasonable and reliable information without paying unnecessary additional costs or efforts, including qualitative and quantitative analysis based on the Group's historical data, external credit risk rating and forward-looking information. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Group compares the risk of default of financial instruments at the end of the reporting period with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria

- Credit risk is deemed to increase significantly when the forward-looking lifetime PD of an exposure increases by certain predetermined thresholds since its initial recognition. Specifically, such thresholds are met when the PD increases by a certain absolute level as well as by a relative percentage

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Qualitative criteria

- Significant adverse change in debtors' operation or financial status
- Be classified into Special Mention category within five-tier loan classification

Backstop criteria

- The debtor's contractual payments (including principal and interest) are more than 30 days past due

The Group continued to make judgments based on substantive risk assessment and comprehensively considered the operations and repayment capacity of borrowers, and to assess whether the credit risk of relevant financial instruments had increased significantly since initial recognition.

Definition of credit-impaired assets

The standard adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives of the relevant financial instrument, taking into account quantitative and qualitative criteria. When the Group assesses whether the credit impairment of debtor occurred, the following factors are mainly considered:

- Significant financial difficulty of the issuer or the debtor;
- Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;
- The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- The debtor leaves any of the principal, advances, interest or investments in corporate bonds of the Group overdue for more than 90 days.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Parameters of ECL measurement

According to whether there is a significant increase in credit risk and whether the assets are credit-impaired, the Group measures the impairment loss for different assets with ECL of 12 months or the entire lifetime. The key measuring parameters of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). According to the requirements of IFRS 9, the Group takes into account the historical statistics (such as ratings of counterparties, manners of guarantees and types of collateral and repayments) and forward-looking information in order to establish the model of PD, LGD and ECL.

Relative definitions are listed as follows:

- PD refers to the possibility that the debtor will not be able to fulfil its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the result of the credit risk rating of customers, taking into account the forward-looking information and deducting the prudential adjustment to reflect the debtor's point-in-time (PIT) PD under the current macroeconomic environment.
- LGD refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the difference of credit products, and the type of collateral, the LGD varies. The LGD is the percentage of loss of risk exposure after the time of default, based on historical statistics, the loss rate may be different in various economic environments.
- EAD is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit risk measurement (continued)

Measurement of ECL (continued)

Forward-looking information

The calculation of ECL involves forward-looking information. Through the analysis of historical data, the Group identifies the key economic indicators that affect the credit risk and ECL of various business types, such as GDP, CPI, investment in property and equipment.

The impact of these economic indicators on the PD and the LGD varies according to different types of business. The Group combined statistic model and experts' judgement in this process, according to the result of model and experts' judgement, the Group predicts these economic indicators at least every half year basis and determines the impact of these economic indicators on the PD and the LGD by conducting regression analysis.

As at 30 June 2025, the key assumptions the Group has taken include the GDP growth rate, the CPI growth rate, the investment in property and equipment growth rate. The GDP growth rate: the predicted value under the base economic scenario during the year of 2026 is 4.80%, the optimistic predicted value is 6.52%, the pessimistic predicted value is 3.08%.

In addition to providing a baseline economic scenario, the Group combines statistic model with experts' judgement to determine the weight of the other possible scenarios. The Group measures the weighted average ECL of 12 months (Stage 1) or life time (Stage 2 and Stage 3). The weighted average credit loss above is calculated by multiplying the ECL for each scenario by the weight of the corresponding scenario.

Risk grouping

The Group groups financial assets with similar credit risk characteristics when measuring expected credit losses. According to the nature of the business, the financial assets of the Group are categorised into corporate business, interbank business, debt securities business, retail business and credit card business according to the business categories, within which the risk groups are further categorised according to the credit risk characteristics such as product type, customer industry and internal risk assessment pool. The Group regularly reviews the reasonableness of the groupings. When the credit risk characteristics of the exposure within the portfolio change, the reasonableness of the groupings is reviewed in a timely manner and, if necessary, regrouped according to the common risk characteristics of the relevant credit risk exposures.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets, including derivative financial instruments.

	30 June 2025				
	Stage 1	Stage 2	Stage 3	N/A	Total
Assets					
Deposits with central banks	307,098	–	–	–	307,098
Deposits with banks and other financial institutions	118,231	–	–	–	118,231
Placements with banks and other financial institutions	183,826	–	–	–	183,826
Financial assets held under resale agreements	26,982	–	–	–	26,982
Loans and advances to customers	3,856,606	133,144	18,854	–	4,008,604
Finance lease receivables	84,339	3,000	306	–	87,645
Financial investments	1,875,137	4,346	6,549	447,208	2,333,240
Others (Note)	48,908	10,226	–	10,784	69,918
Total	6,501,127	150,716	25,709	457,992	7,135,544
Credit commitments	1,584,238	6,138	25	–	1,590,401
Maximum credit risk exposure	8,085,365	156,854	25,734	457,992	8,725,945

	31 December 2024				
	Stage 1	Stage 2	Stage 3	N/A	Total
Assets					
Deposits with central banks	277,940	–	–	–	277,940
Deposits with banks and other financial institutions	47,767	–	–	–	47,767
Placements with banks and other financial institutions	179,710	–	29	–	179,739
Financial assets held under resale agreements	118,128	–	–	–	118,128
Loans and advances to customers	3,706,590	135,654	15,449	–	3,857,693
Finance lease receivables	87,946	6,398	437	–	94,781
Financial investments	1,750,515	5,982	8,006	444,246	2,208,749
Others (Note)	34,818	9,937	–	33,797	78,552
Total	6,203,414	157,971	23,921	478,043	6,863,349
Credit commitments	1,563,143	5,340	159	–	1,568,642
Maximum credit risk exposure	7,766,557	163,311	24,080	478,043	8,431,991

Note: Others mainly comprise derivative financial assets and interests receivable, deposit margin, and other receivables recorded in other assets.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit rating

The distribution according to the credit quality of amounts due from banks and non-bank financial institutions (including deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and non-bank financial institutions) is as follows:

	30 June 2025	31 December 2024
<i>Impaired</i>		
Gross amount	300	300
Provision for impairment losses	(300)	(271)
Subtotal	–	29
<i>Neither overdue nor impaired</i>		
– grade A to AAA	324,359	339,163
– grade B to BBB	300	1,981
– unrated (Note)	4,852	4,910
Provision for impairment loss	(472)	(449)
Subtotal	329,039	345,605
Total	329,039	345,634

Note: Mainly represent deposits with banks and other financial institutions.

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

47 Risk Management (continued)

(a) Credit risk (continued)

Credit rating (continued)

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to Bloomberg Composite, or the major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at the end of the reporting period are as follows:

	30 June 2025	31 December 2024
<i>Impaired</i>		
Gross amount	21,037	23,787
Provision for impairment losses	(14,488)	(15,781)
Subtotal	6,549	8,006
<i>Neither overdue nor impaired</i>		
Bloomberg Composite		
– grade AAA	2,981	2,416
– grade AA- to AA+	23,521	17,478
– grade A- to A+	51,600	31,409
– grade lower than A-	26,830	37,156
Provision for impairment losses	(201)	(134)
Subtotal	104,731	88,325
<i>Other agency ratings</i>		
– grade AAA	1,800,321	1,581,483
– grade AA- to AA+	116,045	188,658
– grade A- to A+	22,502	9,186
– grade lower than A-	7,472	7,528
– unrated	36,934	36,994
Provision for impairment losses	(858)	(738)
Subtotal	1,982,416	1,823,111
Total	2,093,696	1,919,442

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

47 Risk Management (continued)

(b) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The board of directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured, monitored and controlled all types of market risk. The Risk Management Committee monitors the market risk management process within the scope authorised by the board of directors, which include review and approval of market risk management strategies, policies and procedures as well as the market risk tolerance level recommended by senior management. The Group is primarily exposed to market risk in its treasury business. The Financial Market Department, Investment Banking Department and overseas institution are responsible for the Group's investments and proprietary trading business. The Assets and Liability Management Department is responsible for monitoring and managing the interest rate risk and foreign exchange risk on a daily basis under the banking book. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk, and the daily monitoring and management of interest rate risk and exchange rate risk in the Bank's trading book.

The Group classified the transactions as the banking book transactions and trading book transactions. The identification, measurement, monitoring and controls over the relevant market risks are based on the nature and characteristics of these books. The trading book transactions consist of the Group's investments which are acquired or incurred primarily for the purpose of selling in the near term, or for the purpose of short-term profit taking. The banking book transactions represent non-trading businesses. Sensitivity analysis, scenario analysis and foreign currency gap analysis are the main tools employed by the Group to measure and monitor the market risk in its trading book transactions. Sensitivity gap analysis, effective duration analysis and scenario simulation analysis are the main tools used by the Group to measure and monitor the market risk of its non-trading businesses.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-taking liabilities into different periods based on repricing dates.

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

47 Risk Management (continued)

(b) Market risk (continued)

Scenario simulation analysis is an important technique for assessing interest rate risk. It simulates and calculates the changes in net interest income (NII) and economic value (EVE) indicators in the following year through multiple conventional scenarios and stress scenarios, including interest rate standard shocks, yield curve shifts and shape changes, historical extreme interest rate changes, customers' execution of embedded options for deposits and loans, etc. The Bank regularly re-examines important customer behavior models such as loan prepayment and deposits from early withdrawals used in scenario simulation analysis.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

Interest rate risk

The Group is primarily exposed to interest rate risk arising from gap risk and basis risk. The Assets and Liability Management Department and Risk Management Department are responsible for identifying, measuring and monitoring. In terms of measuring and monitoring risks, the Group regularly evaluates the interest rate sensitivity repricing gap of each period and the impact of interest rate changes on the Group's net interest income and economic value. The main purpose of interest rate risk management is to reduce the potential negative impact of interest rate changes on net interest income and economic value.

Gap risk

Gap risk refers to the risk caused by different repricing periods of different financial instruments when interest rates change. Changes in interest rates include both a parallel upward or downward shift of the yield curve and a change in the shape of the yield curve. Due to the different repricing periods of financial instruments, when the interest rate rises when the interest rate on liabilities is repriced earlier than the interest rate on assets, or when the interest rate falls when the interest rate on assets is repriced earlier than the interest rate on liabilities, the Bank faces a reduction in interest rate spreads or even negative interest rate differentials for a certain period of time, resulting in losses.

Basis risk

Basis risk, is caused by interest rates on different pricing basis on the on-and off- balance sheet business of banking books. The risk could be different because the basis risk changes no matter the term is the same or similar.

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

47 Risk Management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

Basis risk (continued)

The following tables indicate the average interest rates for the respective periods, and the expected next repricing dates (or maturity dates whichever are earlier) for the assets and liabilities of the Group as at the end of the reporting period:

30 June 2025							
	Average interest rate (Note)	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets							
Cash and deposits with central banks	1.46%	315,987	16,831	299,156	–	–	–
Deposits with banks and other financial institutions	1.24%	118,231	256	114,264	1,043	2,668	–
Placements with banks and other financial institutions	2.39%	183,826	355	61,672	99,413	22,386	–
Financial assets held under resale agreements	1.70%	26,982	3	26,979	–	–	–
Loans and advances to customers	3.69%	4,008,604	12,090	2,817,619	1,037,429	137,217	4,249
Finance lease receivables	4.14%	87,645	639	3,546	74,083	7,226	2,151
Financial investments	2.90%	2,333,240	250,233	165,743	318,010	1,190,643	408,611
Others	N/A	164,076	159,407	3,196	–	–	1,473
Total assets	N/A	7,238,591	439,814	3,492,175	1,529,978	1,360,140	416,484

30 June 2025							
	Average interest rate (Note)	Total	Non-interest-bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Liabilities							
Due to the central bank	2.07%	163,434	1,554	4,280	157,600	–	–
Deposits from banks and other financial institutions	1.73%	518,155	1,602	421,038	95,515	–	–
Placements from banks and other financial institutions	2.76%	168,681	729	104,436	63,516	–	–
Financial assets sold under repurchase agreements	2.26%	192,865	397	177,900	12,948	1,620	–
Deposits from customers	1.92%	4,253,182	82,288	2,084,168	975,778	1,110,887	61
Debt securities issued	2.23%	1,217,020	4,821	311,942	641,207	199,053	59,997
Others	N/A	128,072	107,555	2,747	3,404	12,193	2,173
Total liabilities	N/A	6,641,409	198,946	3,106,511	1,949,968	1,323,753	62,231
Asset-liability gap	N/A	597,182	240,868	385,664	(419,990)	36,387	354,253

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

47 Risk Management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

Basis risk (continued)

31 December 2024							
	Average interest rate (Note)	Total	Non-interest- bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets							
Cash and deposits with central banks	1.48%	283,266	13,658	269,608	–	–	–
Deposits with banks and other financial institutions	0.81%	47,767	202	43,895	524	3,146	–
Placements with banks and other financial institutions	3.25%	179,739	294	100,424	79,021	–	–
Financial assets held under resale agreements	1.65%	118,128	29	118,099	–	–	–
Loans and advances to customers	4.22%	3,857,693	12,373	2,770,066	938,780	132,273	4,201
Finance lease receivables	4.77%	94,781	694	1,993	77,928	10,775	3,391
Financial investments	3.14%	2,208,749	315,311	132,238	276,388	1,155,206	329,606
Others	N/A	168,898	165,447	1,783	–	–	1,668
Total assets	N/A	6,959,021	508,008	3,438,106	1,372,641	1,301,400	338,866
31 December 2024							
	Average interest rate (Note)	Total	Non-interest- bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Liabilities							
Due to the central bank	2.47%	95,633	626	10,337	84,670	–	–
Deposits from banks and other financial institutions	2.09%	581,536	2,165	479,644	99,727	–	–
Placements from banks and other financial institutions	3.43%	216,562	878	141,700	73,984	–	–
Financial assets sold under repurchase agreements	2.30%	75,793	169	72,938	1,792	894	–
Deposits from customers	2.18%	4,035,687	81,559	1,952,258	873,543	1,128,256	71
Debt securities issued	2.48%	1,231,112	4,545	284,893	659,137	220,943	61,594
Others	N/A	132,467	112,436	857	4,467	12,444	2,263
Total liabilities	N/A	6,368,790	202,378	2,942,627	1,797,320	1,362,537	63,928
Asset-liability gap	N/A	590,231	305,630	495,479	(424,679)	(61,137)	274,938

Note: The average interest rate represents the ratio of interest income/expense to the average interest-bearing assets/liabilities.

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

47 Risk Management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the impact of changes in interest rate on the Group's net profit or loss and equity. As at 30 June 2025, assuming other variables remain unchanged, an increase in the estimated interest rate of one hundred basis points will cause the Group's net profit to increase by RMB1,350 million (31 December 2024: increase by RMB2,057 million), and equity to decrease by RMB15,413 million (31 December 2024: decrease by RMB12,046 million); a decrease in the estimated interest rate of one hundred basis points will cause the Group's net profit to decrease by RMB1,350 million (31 December 2024: decrease by RMB2,057 million), and equity to increase by RMB15,413 million (31 December 2024: increase by RMB12,046 million).

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by the repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of the reporting period apply to all derivative and non-derivative financial instruments of the Group;
- An interest rate movement is one hundred basis points based on the assumption of interest rate movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the portfolio of asset and liability;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Foreign currency risk

The Group's foreign currency risk mainly arises from the foreign currency portfolio within the treasury's proprietary investments, and other foreign currency exposures. The Group manages foreign currency risk by spot and forward foreign exchange transactions, swap transactions and matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

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

47 Risk Management (continued)

(b) Market risk (continued)

Foreign currency risk (continued)

The Group's currency exposures as at the end of the period are as follows:

	30 June 2025			
	RMB	USD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Assets				
Cash and deposits with central banks	307,025	3,819	5,143	315,987
Deposits with banks and other financial institutions	105,448	7,844	4,939	118,231
Placements with banks and other financial institutions	157,604	15,392	10,830	183,826
Financial assets held under resale agreements	26,982	—	—	26,982
Loans and advances to customers	3,854,448	73,851	80,305	4,008,604
Finance lease receivables	85,437	2,208	—	87,645
Financial investments	2,210,827	83,560	38,853	2,333,240
Others	158,459	17	5,600	164,076
Total assets	6,906,230	186,691	145,670	7,238,591
Liabilities				
Due to the central bank	163,434	—	—	163,434
Deposits from banks and other financial institutions	509,289	8,443	423	518,155
Placements from banks and other financial institutions	107,307	48,894	12,480	168,681
Financial assets sold under repurchase agreements	169,495	14,162	9,208	192,865
Deposits from customers	4,079,430	114,949	58,803	4,253,182
Debt securities issued	1,163,197	47,488	6,335	1,217,020
Others	117,731	408	9,933	128,072
Total liabilities	6,309,883	234,344	97,182	6,641,409
Net position	596,347	(47,653)	48,488	597,182
Credit commitments	1,548,635	21,588	22,210	1,592,433
Derivative financial instruments (Note)	(4,908)	47,120	(43,435)	(1,223)

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

47 Risk Management (continued)

(b) Market risk (continued)

Foreign currency risk (continued)

The Group's currency exposures as at the end of the period are as follows: (continued)

	31 December 2024			
	RMB	USD (RMB Equivalent)	Others (RMB Equivalent)	Total (RMB Equivalent)
Assets				
Cash and deposits				
with central banks	274,786	3,565	4,915	283,266
Deposits with banks and				
other financial institutions	32,418	8,632	6,717	47,767
Placements with banks and				
other financial institutions	143,122	25,947	10,670	179,739
Financial assets held				
under resale agreements	118,128	—	—	118,128
Loans and advances				
to customers	3,703,981	76,810	76,902	3,857,693
Finance lease receivables	92,033	2,748	—	94,781
Financial investments	2,090,469	84,738	33,542	2,208,749
Others	164,471	56	4,371	168,898
Total assets	6,619,408	202,496	137,117	6,959,021
Liabilities				
Due to the central bank	95,633	—	—	95,633
Deposits from banks and				
other financial institutions	572,892	6,819	1,825	581,536
Placements from banks and				
other financial institutions	105,471	82,470	28,621	216,562
Financial assets sold under				
repurchase agreements	52,092	17,620	6,081	75,793
Deposits from customers	3,888,204	105,066	42,417	4,035,687
Debt securities issued	1,185,372	37,896	7,844	1,231,112
Others	121,805	59	10,603	132,467
Total liabilities	6,021,469	249,930	97,391	6,368,790
Net position	597,939	(47,434)	39,726	590,231
Credit commitments	1,525,647	23,147	22,031	1,570,825
Derivative financial instruments (Note)	4,609	28,325	(31,426)	1,508

Note: Derivative financial instruments reflect the net notional amounts of derivatives.

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

47 Risk Management (continued)

(b) Market risk (continued)

Foreign currency risk (continued)

The Group conducts a substantial portion of its business in RMB, with certain transactions denominated in USD, HKD and, to a much lesser extent, other currencies. As at the financial reporting date, the exchange rate changes of the currencies to which the Group had significant exposure are as follows:

	30 June 2025	31 December 2024
Exchange rates against RMB for the USD	7.1656	7.2993
Exchange rates against RMB for the HKD	0.9128	0.9401

The Group uses sensitivity analysis to measure the potential effect of changes in the Group's exchange rates on the Group's net profit or loss and equity. As at 30 June 2025, assuming other variables remain unchanged, an appreciation of one hundred basis points in the USD against the RMB would increase both the Group's equity and net profit by RMB53 million (31 December 2024: decrease by RMB57 million); a depreciation of one hundred basis points in the USD against the RMB would decrease both the Group's equity and net profit by RMB53 million (31 December 2024: increase by RMB57 million).

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions:

- The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis points' fluctuation in the foreign currency exchange rates (central parity) against RMB;
- At the end of the reporting period, the fluctuation of exchange rates by one hundred basis points is based on the assumption of exchange rate movement over the next 12 months;
- Due to the immaterial proportion of the Group's total assets and liabilities denominated in currencies other than US dollars and HK dollars, other foreign currencies are converted into US dollars in the above sensitivity analysis;
- The foreign exchange exposures calculated include spot and forward foreign exchange exposures and swaps;
- Other variables (including interest rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by management.

Due to the assumptions adopted, actual changes in the Group's net profit or loss and equity resulting from the increase or decrease in foreign exchange rates might vary from the estimated results of this sensitivity analysis.

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

47 Risk Management (continued)

(b) Market risk (continued)

Price risk

Price risk mainly comes from equity investments held by the Group and the trading precious metal investments. The Group's risk of commodity or shares price from investment is not significant.

(c) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business. In accordance with liquidity policies, the Group monitors the future cash flows and maintains liquid assets of high quality.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC, chaired by the President of the Bank, is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting of liquidity requirements on a timely basis and the payments to various businesses, whether under a normal operating environment or a state of stress; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; achieving the integration of the security, liquidity, and effectiveness of the Bank's funds.

The Asset and Liability Management Department is responsible for executing liquidity risk management policies. It is also responsible for identifying, measuring, monitoring and managing medium and long-term working capital on a regular basis, and for formulating liquidity management strategies. The Asset and Liability Management Department is responsible for monitoring working capital on a daily basis and ensuring the liquidity. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

The Group mainly applies liquidity gap analysis to measure liquidity risk. The Group will continue to focus on limit monitoring and dynamic control, and apply different scenario stress tests to assess the impacts from liquidity risks and develop effective contingency plans to respond to various possible liquidity risks.

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

47 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group by maturity grouping based on the remaining periods to repayment at the end of the reporting period:

30 June 2025								
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with central banks	219,787	96,200	–	–	–	–	–	315,987
Deposits with banks and other financial institutions	–	105,454	3,814	5,252	1,043	2,668	–	118,231
Placements with banks and other financial institutions	–	–	21,011	42,715	97,701	22,399	–	183,826
Financial assets held under resale agreements	–	–	26,982	–	–	–	–	26,982
Loans and advances to customers	15,425	356,300	149,864	276,807	1,240,023	931,578	1,038,607	4,008,604
Finance lease receivables	373	–	3,173	5,800	22,740	46,788	8,771	87,645
Financial investments	13,079	225,118	53,362	84,091	319,546	1,219,476	418,568	2,333,240
Others	90,934	59,556	2,893	1,693	3,657	3,857	1,486	164,076
Total assets	339,598	842,628	261,099	416,358	1,684,710	2,226,766	1,467,432	7,238,591

30 June 2025								
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Liabilities								
Due to the central bank	–	–	4,374	–	159,060	–	–	163,434
Deposits from banks and other financial institutions	–	345,825	15,877	60,238	96,215	–	–	518,155
Placements from banks and other financial institutions	–	6	50,573	54,449	63,653	–	–	168,681
Financial assets sold under repurchase agreements	–	–	127,832	50,397	13,014	1,622	–	192,865
Deposits from customers	–	1,224,020	460,632	443,373	993,739	1,131,335	83	4,253,182
Debt securities issued	–	–	121,515	195,249	639,775	200,484	59,997	1,217,020
Others	–	94,622	3,124	5,181	6,104	16,666	2,375	128,072
Total liabilities	–	1,664,473	783,927	808,887	1,971,560	1,350,107	62,455	6,641,409
Net position	339,598	(821,845)	(522,828)	(392,529)	(286,850)	876,659	1,404,977	597,182
Notional amount of derivative financial instruments	–	–	344,578	208,259	410,011	357,111	12,983	1,332,942

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

47 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of assets and liabilities of the Group by maturity grouping based on the remaining periods to repayment at the end of the reporting period: (continued)

31 December 2024								
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits								
with central banks	233,145	50,121	–	–	–	–	–	283,266
Deposits with banks and								
other financial institutions	–	38,114	1,832	4,151	524	3,146	–	47,767
Placements with banks and								
other financial institutions	29	–	39,902	60,625	79,183	–	–	179,739
Financial assets held under								
resale agreements	–	–	118,128	–	–	–	–	118,128
Loans and advances to customers	54,752	338,884	167,962	297,402	1,109,615	878,825	1,010,253	3,857,693
Finance lease receivables	774	40	3,735	6,632	26,506	51,138	5,956	94,781
Financial investments	12,643	284,143	34,849	69,281	278,391	1,197,801	331,641	2,208,749
Others	88,812	44,627	3,775	6,295	17,576	5,937	1,876	168,898
Total assets	390,155	755,929	370,183	444,386	1,511,795	2,136,847	1,349,726	6,959,021
31 December 2024								
	Overdue/ indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Liabilities								
Due to the central bank	–	–	–	10,545	85,088	–	–	95,633
Deposits from banks and								
other financial institutions	–	257,905	86,394	137,342	99,895	–	–	581,536
Placements from banks and								
other financial institutions	–	6	102,010	40,212	74,334	–	–	216,562
Financial assets sold under								
repurchase agreements	–	–	47,776	25,331	1,792	894	–	75,793
Deposits from customers	–	1,165,866	416,600	411,816	890,795	1,150,538	72	4,035,687
Debt securities issued	–	–	67,677	221,763	659,135	220,943	61,594	1,231,112
Others	–	79,366	3,561	6,925	21,779	18,486	2,350	132,467
Total liabilities	–	1,503,143	724,018	853,934	1,832,818	1,390,861	64,016	6,368,790
Net position	390,155	(747,214)	(353,835)	(409,548)	(321,023)	745,986	1,285,710	590,231
Notional amount of derivative								
financial instruments	–	–	266,914	362,621	1,269,594	421,528	5,745	2,326,402

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

47 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of the contractual undiscounted cash flows of the financial liabilities at the end of the reporting period:

	30 June 2025							
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Due to the central bank	163,434	165,160	–	4,381	–	160,779	–	–
Deposits from banks and other financial institutions	518,155	519,785	346,093	15,889	60,473	97,330	–	–
Placements from banks and other financial institutions	168,681	170,727	6	51,007	55,284	64,430	–	–
Financial assets sold under repurchase agreements	192,865	193,340	–	127,881	50,589	13,165	1,705	–
Deposits from customers	4,253,182	4,320,193	1,224,069	460,929	444,863	1,006,729	1,183,509	94
Debt securities issued	1,217,020	1,273,585	–	118,905	199,638	660,377	228,365	66,300
Other financial liabilities	86,267	88,325	65,120	115	2,932	4,007	13,643	2,508
Total non-derivative financial liabilities	6,599,604	6,731,115	1,635,288	779,107	813,779	2,006,817	1,427,222	68,902
Derivative financial instruments								
Derivative financial instruments settled on net basis		78	–	(139)	174	42	1	–
Derivative financial instruments settled on gross basis								
– Cash inflow		190,252	–	82,020	43,899	59,088	5,245	–
– Cash outflow		(191,560)	–	(82,346)	(44,219)	(59,432)	(5,563)	–
		(1,308)	–	(326)	(320)	(344)	(318)	–

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

47 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of the contractual undiscounted cash flows of the financial liabilities at the end of the reporting period: (continued)

31 December 2024								
	Carrying amount	Contractual undiscounted cash flows	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Due to the central bank	95,633	97,056	–	–	10,597	86,459	–	–
Deposits from banks and other financial institutions	581,536	583,497	258,141	86,457	137,781	101,118	–	–
Placements from banks and other financial institutions	216,562	218,929	6	102,427	40,776	75,720	–	–
Financial assets sold under repurchase agreements	75,793	76,020	–	47,820	25,422	1,829	949	–
Deposits from customers	4,035,687	4,112,938	1,165,929	416,893	413,482	903,177	1,213,367	90
Debt securities issued	1,231,112	1,272,093	–	65,374	226,298	676,892	234,617	68,912
Other financial liabilities	70,957	76,138	50,301	40	1,035	5,785	16,429	2,548
Total non-derivative financial liabilities	6,307,280	6,436,671	1,474,377	719,011	855,391	1,850,980	1,465,362	71,550
Derivative financial instruments								
Derivative financial instruments settled on net basis		177	–	88	(89)	136	42	–
Derivative financial instruments settled on gross basis								
– Cash inflow		153,987	–	51,759	38,673	57,992	5,563	–
– Cash outflow		(152,656)	–	(51,566)	(38,319)	(57,288)	(5,483)	–
		1,331	–	193	354	704	80	–

This analysis of the financial instruments by contractual undiscounted cash flows might diverge from actual results.

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

47 Risk Management (continued)

(c) Liquidity risk (continued)

The following tables provide an analysis of Credit commitments of the Group into relevant maturity groupings based on the remaining periods to repayment at the end of the reporting period:

30 June 2025				
	Within one year	Between one year and five years	More than five years	Total
Loan and credit card commitments	514,301	37,975	94,128	646,404
Guarantees, acceptances and other credit commitments	862,482	82,529	1,018	946,029
Total	1,376,783	120,504	95,146	1,592,433

31 December 2024				
	Within one year	Between one year and five years	More than five years	Total
Loan and credit card commitments	475,053	33,467	92,363	600,883
Guarantees, acceptances and other credit commitments	923,348	39,402	7,192	969,942
Total	1,398,401	72,869	99,555	1,570,825

(d) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information system failures, or impacts from other external events.

The Group establishes a framework of an operational risk management system to comprehensive identify, assess, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as follows:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;

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

47 Risk Management (continued)

(d) Operational risk (continued)

- A set of standard operational procedures covering all products and services, which is practical, traceable and can be re-performed, investigated and remedied;
- A series of operational risk management tools, including Risk Control Self-Assessment (RCSA), Key Risk Index (KRI), Loss Event Collection and IT system monitoring;
- An operational risk management culture, the core values of the culture is that effective risk management could create value. It is supported with a team of operational risk management professionals across all branches, businesses and functions;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.

48 Fair value

(a) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. The fair values of unlisted equity investments are estimated using comparable firm approach, after adjustment for the specific circumstances of the issuers.

(ii) Receivables and other non-derivative financial assets

Fair values are estimated as the present values of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

(iv) Derivative financial instruments

The fair values of foreign currency forward and swap contracts are determined by the difference between the present values of the forward prices and the contractual prices at the end of the reporting period, or are based on quoted market prices. The fair values of interest rate swaps are estimated as the present value of estimated future cash flows. The yield curve is based on the optimised price between the broker's quoted price and Thomson Reuters' quoted price. The fair value of option contracts are determined by option pricing models.

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

48 Fair value (continued)

(b) Fair value measurement

(i) Financial assets

The Group's financial assets mainly consist of cash and deposits with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions, derivative financial assets, financial assets held under resale agreements, loans and advances to customers, finance lease receivables and financial investments.

Cash and deposits with central banks, deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

Loans and advances to customers measured at amortised cost, finance lease receivables and financial investments measured at amortised cost, except for bond investments and asset-backed securities, are mostly priced at floating interest rates close to the LPR. Accordingly, the carrying amounts approximate the fair values.

Financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, and derivative financial assets presented at fair value.

(ii) Financial liabilities

The Group's financial liabilities mainly include deposits from banks and other financial institutions, placements from banks and other financial institutions, derivative financial liabilities, financial assets sold under repurchase agreements, deposits from customers, due to the central bank and debt securities issued. Except the debt securities issued, the carrying amounts of other financial liabilities approximate their fair values.

Financial liabilities at fair value through profit or loss and derivative financial liabilities presented at fair value.

The tables below summarise the carrying amounts and fair values of "debt securities and asset-backed instruments measured at amortised cost", and "debt securities issued" not presented at fair value at the end of the reporting period:

	Carrying value		Fair value	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Financial assets				
Debt securities and asset-backed instruments measured at amortised cost	1,112,511	1,141,547	1,159,578	1,191,979
Financial liabilities				
Debt securities issued	1,217,020	1,231,112	1,222,382	1,239,529

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

48 Fair value (continued)

(b) Fair value measurement (continued)

(ii) *Financial liabilities* (continued)

Except for the items shown in the tables above, the maturity dates of aforesaid financial assets and liabilities are within a year or are mainly floating interest rates, as a result, their carrying amounts are approximately equal to their fair value.

Debt securities and asset-backed instruments measured at amortised cost are based on broker/dealer price quotations. Where this information is not available, the Bank will perform valuation by referring to prices from valuation service providers or on the basis of discounted cash flows models. Valuation parameters include market interest rates, expected future default rates, prepayment rates and market liquidity. The fair values of RMB bonds are mainly determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd..

The fair values of debt securities issued are calculated by using discounted cash flow model which is based on the current yield curve that is appropriate for the remaining term to maturity.

(c) Fair value hierarchy

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The definitions of three levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e., prices) or indirectly. Input parameters like ChinaBond interbank yield curves, LIBOR yield curves and SOFR are sourced from ChinaBond, Thomson Reuters and Shanghai Clearing House.

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes complicated equity instruments or debt instruments with one or more than one significant unobservable component.

Fair value measurement requires the use of observable open market data wherever possible. The Group tries its best to consider relevant and observable market prices in valuations.

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and foreign exchange rates. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is with reference to that of another instrument that is substantially the same.

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

48 Fair value (continued)

(c) Fair value hierarchy (continued)

Assets and liabilities measured at fair value

The table below summaries the carrying values in three levels of assets and liabilities measured at fair value at the end of the reporting period:

	30 June 2025			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Derivative financial assets</i>				
– Currency derivatives	–	6,258	–	6,258
– Interest rate derivatives	0	4,526	–	4,526
<i>Loans and advances to customers</i>	–	247,918	–	247,918
<i>Financial assets at fair value through profit or loss</i>				
– Debt instruments held for trading	–	149,215	22	149,237
– Other financial assets at fair value through profit or loss	167,506	112,774	16,548	296,828
<i>Debt instruments at fair value through other comprehensive income</i>	–	748,871	185	749,056
<i>Equity instruments at fair value through other comprehensive income</i>	41	–	1,102	1,143
Total	167,547	1,269,562	17,857	1,454,966
Liabilities				
<i>Derivative financial liabilities</i>				
– Currency derivatives	–	7,616	–	7,616
– Interest rate derivatives	–	4,689	–	4,689
Total	–	12,305	–	12,305

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

48 Fair value (continued)

(c) Fair value hierarchy (continued)

Assets and liabilities measured at fair value (continued)

The table below summaries the carrying values in three levels of assets and liabilities measured at fair value at the end of the reporting period: (continued)

	31 December 2024			Total
	Level 1	Level 2	Level 3	
Assets				
<i>Derivative financial assets</i>				
– Currency derivatives	–	27,286	–	27,286
– Interest rate derivatives	1	6,510	–	6,511
<i>Loans and advances to customers</i>	–	265,558	–	265,558
<i>Financial assets at fair value through profit or loss</i>				
– Debt instruments held for trading	–	128,473	22	128,495
– Other financial assets at fair value through profit or loss	215,300	93,278	6,033	314,611
<i>Debt instruments at fair value through other comprehensive income</i>	–	600,176	228	600,404
<i>Equity instruments at fair value through other comprehensive income</i>	38	–	1,102	1,140
Total	215,339	1,121,281	7,385	1,344,005
Liabilities				
<i>Derivative financial liabilities</i>				
– Currency derivatives	–	26,153	–	26,153
– Interest rate derivatives	–	6,295	–	6,295
Total	–	32,448	–	32,448

The Group takes the date of the event that caused the transfer between levels as the date of the transfer. There is no transfer between the first and second levels for the period/year.

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

48 Fair value (continued)

(c) Fair value hierarchy (continued)

Assets and liabilities measured at fair value (continued)

The movements during the period ended 30 June 2025 in the balance of Level 3 fair value measurements are as follows:

	Derivative financial assets	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Total assets	Derivative financial liabilities	Total liabilities
As at 1 January 2025	–	6,055	1,102	228	7,385	–	–
Transferred to level 3	–	–	–	–	–	–	–
Total gains or losses:							
– Recognised in profit or loss	–	(34)	–	–	(34)	–	–
– Recognised in other comprehensive income	–	–	–	8	8	–	–
Purchases	–	10,587	–	–	10,587	–	–
Settlements	–	(38)	–	(51)	(89)	–	–
As at 30 June 2025	–	16,570	1,102	185	17,857	–	–
Impact on net loss	–	(34)	–	–	(34)	–	–

The movements during the year ended 31 December 2024 in the balance of Level 3 fair value measurements are as follows:

	Derivative financial assets	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Total assets	Derivative financial liabilities	Total liabilities
As at 1 January 2024	–	10,222	1,102	20	11,344	–	–
Transferred to level 3	–	669	–	208	877	–	–
Total gains or losses:							
– Recognised in profit or loss	–	(597)	–	–	(597)	–	–
– Recognised in other comprehensive income	–	–	–	(8)	(8)	–	–
Purchases	–	336	–	8	344	–	–
Settlements	–	(4,575)	–	–	(4,575)	–	–
As at 31 December 2024	–	6,055	1,102	228	7,385	–	–
Impact on net income	–	(597)	–	–	(597)	–	–

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

48 Fair value (continued)

(c) Fair value hierarchy (continued)

Financial assets and liabilities not measured at fair value

The tables below summarise the fair values in three levels of “debt securities and asset-backed instruments measured at amortised cost” and “debt securities issued”, which are not presented at fair value on the statement of financial position:

30 June 2025				
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt securities and asset-backed instruments measured at amortised cost	–	1,158,827	751	1,159,578
Financial liabilities				
Debt securities issued	–	1,222,382	–	1,222,382

31 December 2024				
	Level 1	Level 2	Level 3	Total
Financial assets				
Debt securities and asset-backed instruments measured at amortised cost	–	1,191,337	642	1,191,979
Financial liabilities				
Debt securities issued	–	1,239,529	–	1,239,529

(d) Valuation of financial instruments with significant unobservable inputs

Financial instruments valued with significant unobservable inputs are primarily unlisted equity. These financial instruments are valued using cash flow discount model and market method. The models incorporate various non-observable assumptions such as discount rate and market rate volatilities.

As at 30 June 2025, the carrying amounts of financial instruments valued with significant unobservable inputs were immaterial, and the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were also not material.

49 Entrusted lending business

The Group provides entrusted lending business services to government agencies, corporations and individuals. All entrusted loans are funded by entrusted funds from these entities and individuals. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustors and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognised in the statement of financial position.

	30 June 2025	31 December 2024
Entrusted loans	94,644	103,155
Entrusted funds	94,644	103,155

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2025

(Expressed in millions of Renminbi, unless otherwise stated)

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

50 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, credit card commitments, acceptances, letters of credit and financial guarantees.

The contractual amounts of loans and credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	30 June 2025	31 December 2024
Loan commitments		
– Original contractual maturity within one year	23,524	27,602
– Original contractual maturity more than one year (inclusive)	132,102	125,831
Credit card commitments	490,778	447,450
Subtotal	646,404	600,883
Acceptances	643,440	683,870
Letters of guarantee	114,128	119,730
Letters of credit	188,281	166,162
Guarantees	180	180
Total	1,592,433	1,570,825

The Group may be exposed to credit risk in all the credit businesses above. Group management periodically assesses the estimated credit risk and makes provision for any expected credit losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(b) Credit risk-weighted amount of credit commitments

	30 June 2025	31 December 2024
Credit risk-weighted amount of credit commitments	433,931	435,181

As at 30 June 2025 and 31 December 2024, the credit risk-weighted amount of credit commitments represents the amount calculated with reference to the "Regulation Governing Capital of Commercial Banks". The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The credit conversion coefficient ranged from 0% to 100% for credit commitments.

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

50 Commitments and contingent liabilities (continued)

(c) Capital commitments

As at the end of the reporting period, the Group's authorised capital commitments are as follows:

	30 June 2025	31 December 2024
Contracted but not paid – Purchase of property and equipment	11,569	10,773
Approved but not contracted for – Purchase of property and equipment	6,102	6,264
Total	17,671	17,037

(d) Underwriting and redemption commitments

The Group has no unexpired commitments for underwriting bonds as at the end of the reporting period.

As an underwriting agent of the PRC government bonds, the Group has the responsibility for buying back those bonds it previously sold should the holders decide to make an early redemption of the bonds held. The redemption price for a bond at any time before its maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payable to the bond holders is calculated in accordance with the relevant MOF and PBOC rules. The redemption price may be different from the fair value of similar financial instruments traded at the redemption date.

As at the end of the reporting period, the underwritten, sold and immature national bonds' redemption commitments at nominal value are as follows:

	30 June 2025	31 December 2024
Redemption commitments	3,454	3,229

(e) Outstanding litigations and disputes

As at 30 June 2025, the Group was the defendant or the third party in certain pending litigation and disputes with gross claims of RMB1,681 million (31 December 2024: RMB1,645 million). Provisions have been made for the estimated losses from such litigations based upon the opinions of the Group's internal and external legal counsels (Note III 33). The Group considers that the provisions made are reasonable and adequate.

51 Subsequent Events

The Group has no significant subsequent events after the end of the reporting period.

52 Comparative Figures

Certain comparative figures in the notes have been adjusted to conform with changes in disclosures in current period.

Unaudited Supplementary Financial Information

For the six months ended 30 June 2025

The information set out below does not form part of the consolidated financial statements, and is included herein for information purposes only.

1 LIQUIDITY COVERAGE RATIO, LIQUIDITY RATIO AND NET STABLE FUNDING RATIO

Liquidity Coverage Ratio

As stipulated by the Rules issued by NFRA on Liquidity Risk Management of Commercial Banks, commercial banks' liquidity coverage ratio ("LCR") should reach 100% by the end of 2018. During the transition period, the LCR should be no lower than 90%. Eligible commercial banks are encouraged to fulfil the requirements in advance, and banks with LCR already reaching 100% are encouraged to continuously maintain it at 100% or above.

	30 June 2025	31 December 2024
Liquidity coverage ratio	142.11%	151.17%
High Quality Liquid Assets	1,027,335	1,021,575
Net cash outflows in 30 days from the end of the reporting period	722,936	675,790

Liquidity Ratio*

	As at 30 June 2025	Average for the six months ended 30 June 2025	As at 31 December 2024	Average for the year ended 31 December 2024
RMB current assets to RMB current liabilities	77.46%	79.91%	83.42%	79.26%
Foreign current assets to foreign current liabilities	91.22%	90.48%	69.53%	74.28%

* Liquidity ratio is calculated in accordance with the banking level.

The above liquidity coverage ratio are calculated in accordance with the formula promulgated by the NFRA and based on the financial information prepared in accordance with PRC GAAP.

Net Stable Funding Ratio

The net stable fund ratio is designed to ensure that commercial banks have sufficient sources of stable funding to meet the demand for stable funds for various assets and off-balance sheet exposures. The Measures for the Administration of Liquidity Risk of Commercial Banks stipulate that since 1 July 2018, the minimum regulatory standard for the net stable fund ratio is no less than 100%.

The calculation formula of net stable funding ratio is as follows:

Net stable funding ratio = available and stable funds/required stable funds*100%

As at 30 June 2025, the Group met the supervision requirement with the net stable funding ratio standing at 107.20%.

Indicators	30 June 2025
Available and stable funds	4,103,563
Required stable funds	3,828,008
Net stable funding ratio	107.20%

2 CURRENCY CONCENTRATIONS

30 June 2025				
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	186,691	54,550	91,120	332,361
Spot liabilities	(234,344)	(46,781)	(50,401)	(331,526)
Forward purchases	401,349	12,392	372,111	785,852
Forward sales	(354,228)	(9,136)	(423,710)	(787,074)
Net (short)/long position	(532)	11,025	(10,880)	(387)
Net structural position	–	339	171	510

31 December 2024				
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	202,496	47,226	89,891	339,613
Spot liabilities	(249,930)	(41,546)	(55,845)	(347,321)
Forward purchases	855,619	6,384	819,293	1,681,296
Forward sales	(827,293)	(3,354)	(849,139)	(1,679,786)
Net (short)/long position	(19,108)	8,710	4,200	(6,198)
Net structural position	–	367	156	523

The net structural position of the Group includes the structural positions, denominated in foreign currency, of the Bank's Hong Kong, Seoul, Luxembourg, Sydney and Macao branches. Structural assets mainly include property and equipment.

3 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

(a) By geographical segment

	30 June 2025	31 December 2024
Pearl River Delta	9,570	8,206
Yangtze River Delta	6,693	6,577
Central	5,876	6,031
Bohai Rim	4,956	4,681
Northeastern	3,886	3,599
Western	3,818	3,559
Head Office	8,322	8,616
Overseas	2,603	2,532
Total	45,724	43,801

The above analysis includes loans and advances overdue for more than 90 days. Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Unaudited Supplementary Financial Information

For the six months ended 30 June 2025

3 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES (CONTINUED)

(b) By overdue day

	30 June 2025	31 December 2024
Loans and advances which have been overdue with respect to either principal or interest for periods of:		
– between 3 and 6 months (inclusive)	10,498	9,396
– between 6 months and 1 year (inclusive)	11,850	14,284
– over 1 year	23,376	20,121
Total	45,724	43,801
As a percentage of loans and advances		
– between 3 and 6 months (inclusive)	0.26%	0.24%
– between 6 months and 1 year (inclusive)	0.29%	0.36%
– over 1 year	0.57%	0.51%
Total	1.12%	1.11%

The above analysis includes loans and advances overdue for more than 90 days. Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

(c) Collateral of loans and advances past due but not impaired

	30 June 2025	31 December 2024
Covered portion of loans and advances past due but not impaired	11,919	11,871
Uncovered portion of loans and advances past due but not impaired	20,824	21,379
Total loans and advances past due but not impaired	32,743	33,250
Current market value of collateral	27,353	37,191

4 RESTRUCTURED LOANS AND ADVANCES TO CUSTOMERS

	30 June 2025	31 December 2024
Restructured loans and advance to customers	24,684	21,959
Of which: Restructured loans and advances to customers overdue more than 90 days	1,094	776

5 NON-BANK CHINESE MAINLAND EXPOSURE

The Bank is a commercial bank incorporated in the PRC with its banking business conducted in Chinese Mainland. As at 30 June 2025, substantial amounts of the Group's exposures arose from businesses with Chinese Mainland entities or individuals.





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