



泸州银行股份有限公司

LUZHOU BANK CO., LTD.

泸州银行股份有限公司*

Luzhou Bank Co., Ltd.*

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號：1983 Stock Code: 1983

2025 ANNUAL REPORT 年度報告



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Corporate Overview

I. CORPORATE PROFILE

- (I) Legal Names
1. Legal Chinese name: 泸州银行股份有限公司
(Abbreviation in Chinese: 泸州银行)
 2. Legal English name: LUZHOU BANK CO., LTD.
(Abbreviation in English: LUZHOU BANK)
- (II) Registered Capital: RMB2,717,752,062
- (III) Legal Representative: Mr. YOU Jiang
- (IV) Authorized Representatives: Mr. LIU Shirong, Ms. ZHANG Xiao
- (V) Joint Company Secretary: Mr. MING Yang, Ms. ZHANG Xiao
- (VI) Listing Exchange of H Shares: The Stock Exchange of Hong Kong Limited
- (VII) Abbreviated Stock Name and Stock Code: LUZHOU BANK (1983.HK)
- (VIII) Registered Address: Building 1, No. 18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC
- (IX) Principal Place of Business in Hong Kong: 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
- (X) Contact Address:
Building 1, No. 18, Section 3, Jiucheng Avenue, Jiangyang District, Luzhou City, Sichuan Province, the PRC
Post Code: 646000
Website: www.lzccb.cn
- (XI) Address for Inspection of this Annual Report: Office of the Board of Directors of the Bank
- (XII) Auditor
International: *Deloitte Touche Tohmatsu*
Address: 35/F, One Pacific Place, 88 Queensway, Hong Kong

Domestic: *Deloitte Touche Tohmatsu Certified Public Accountants LLP*
Address: 30/F, 222 Yan An Road East, Shanghai

Corporate Overview

- (XIII) PRC Legal Advisor: JunHe LLP, Shanghai Office
- (XIV) Hong Kong Legal Advisor: Clifford Chance
- (XV) H Share Registrar and Transfer Office: Computershare Hong Kong Investor Services Limited
- (XVI) Registration Date: September 15, 1997
- (XVII) Registration Authority: Luzhou City Administration for Market Regulation in Sichuan Province, the PRC
- (XVIII) Unified Social Credit Code: 91510500708926271U
- (XIX) Financial License Institution Number: B0210H251050001
- (XX) Customer Service and Complaints Hotline: 0830-96830
- (XXI) Tel: 0830-2362606
- (XXII) Fax: 0830-3100625
- (XXIII) E-mail: ir@lzccb.cn

II. CORPORATE INFORMATION

Headquartered in Luzhou City, the PRC, Luzhou Bank was established on September 15, 1997 as approved by the PBOC. The Bank has Chengdu Branch, Meishan Branch and Suining Branch, with a total of 41 operating outlets established. As of the end of the Reporting Period, the Group's total assets amounted to RMB202,462 million; total customer loans amounted to RMB124,830 million, and total customer deposits amounted to RMB156,556 million. Meanwhile, the Bank holds a controlling interest in a rural bank.

Our H Shares have been listed on the Main Board of Hong Kong Stock Exchange on December 17, 2018 (stock code: 1983).

Corporate Overview

III. MAJOR HONORS ACHIEVED IN 2025

Ranked 647th in the “Top 1000 World Banks 2025” by The Banker, rising 27 places compared to the previous year;

Ranked 14th overall among City Commercial Banks, in the 2025 “GYROSCOPE” Evaluation System of the China Banking Association;

Won the 2025 “Golden Wisdom Award” – Outstanding Cross-border Financial Innovation Service Award (Financial Sector) from the Organizing Committee of the Qihang • Financial Annual Conference;

Won the 2025 “Golden Tripod Award” for Supporting Local Economic Development from National Business Daily;

Recognized with the Pioneer Case of Leapfrog Growth in Mobile Banking and the Excellent Case for Intelligent Operations of Corporate Mobile Banking at the 2025 Boao Entrepreneurs Forum – Digital Finance Security Development Conference;

Awarded the “2025 Outstanding Wealth Management Bank” at the 2025 Annual Conference of Hexun Finance China & the 23rd China’s Financial Annual Champion Awards;

Awarded the “Typical Case Award for FinTech Innovation Regulatory Tools” by Sichuan Payment & Clearing Association;

Awarded the Five-star Demonstration Outlet for Standardized Service of Sichuan Banking Outlets by the Sichuan Banking Association;

Selected as one of the “Top 100 Service Enterprises in Sichuan 2025”, ranking 61st;

Awarded the 2025 Advanced Collective for Promoting High-Quality Development in Luzhou by the Luzhou Municipal Party Committee and Government;

Awarded the Advanced Collective for Business Environment by the Party Working Committee and Administrative Committee of Suining High-tech Zone;

Awarded the Advanced Unit for High-quality Leap-forward Development in Suining Hedong New Area by the Working Committee of the CPC Suining Hedong New Area and the Administrative Committee of Suining Hedong New Area.

Accounting Data and Financial Indicators Summary

(The financial data and indicators presented in this annual report are prepared in accordance with International Financial Reporting Standards and, unless otherwise stated, represent the data of the Group)

Item	2025	2024	Year-on-year change	2023	2022	2021
Operating results (RMB'000)			change (%)			
Net interest income	4,073,606	3,518,668	15.77	3,088,261	3,258,171	2,938,204
Net fee and commission income	86,007	173,506	(50.43)	102,948	94,051	57,420
Operating income	4,860,685	5,209,013	(6.69)	4,770,347	3,901,997	3,776,319
Operating expenses	(2,064,194)	(1,794,319)	15.04	(1,722,652)	(1,575,183)	(1,507,790)
Expected credit losses/other impairment losses	(714,727)	(1,632,529)	(56.22)	(1,799,374)	(1,315,882)	(1,337,972)
Profit before income tax	2,083,781	1,784,764	16.75	1,250,790	1,014,482	934,306
Net profit	1,542,388	1,275,665	20.91	994,237	807,529	734,257
Net profit attributable to shareholders of the Bank	1,541,426	1,275,665	20.83	994,237	807,529	734,257
Per share (RMB)			change			
Net assets per share attributable to our shareholders ⁽¹⁾	4.13	3.73	0.40	3.40	3.13	2.95
Basic earnings per share ⁽²⁾	0.53	0.43	0.10	0.33	0.26	0.24
Diluted earnings per share	0.53	0.43	0.10	0.33	0.26	0.24
Scale indicators (RMB'000)			change (%)			
Total assets	202,461,917	170,999,572	18.40	157,636,383	148,629,827	134,510,128
Of which: net customer loans ⁽³⁾	118,783,713	98,585,035	20.49	88,465,685	79,999,395	72,236,192
Total liabilities	188,730,049	158,559,168	19.03	146,709,384	138,434,211	124,807,971
Of which: customer deposits	156,555,800	135,314,340	15.70	117,624,516	109,445,657	94,768,521
Share capital	2,717,752	2,717,752	-	2,717,752	2,717,752	2,717,752
Equity attributable to our shareholders of the Bank	13,633,627	12,440,404	9.59	10,926,999	10,195,616	9,702,157
Total equity	13,731,868	12,440,404	10.38	10,926,999	10,195,616	9,702,157
Profitability indicators (%)			change			
Return on average total assets ⁽⁴⁾	0.83	0.78	0.05	0.65	0.57	0.58
Return on average equity ⁽⁵⁾	12.06	11.24	0.82	9.36	8.13	7.89
Net interest spread ⁽⁶⁾	2.71	2.71	-	2.69	2.51	2.59
Net interest margin ⁽⁷⁾	2.49	2.49	-	2.39	2.46	2.49
Net fee and commission income to operating income ⁽⁸⁾	1.77	3.33	(1.56)	2.16	2.41	1.52
Cost-to-income ratio ⁽⁹⁾	40.67	32.57	8.10	34.86	38.87	38.59
Asset quality indicators (%)			change			
NPL ratio	1.18	1.19	(0.01)	1.35	1.53	1.42
Allowance coverage ratio	415.24	435.19	(19.95)	372.42	256.93	262.49
Allowance to gross loan ratio	4.92	5.18	(0.26)	5.01	3.93	3.72

Accounting Data and Financial Indicators Summary

(The financial data and indicators presented in this annual report are prepared in accordance with International Financial Reporting Standards and, unless otherwise stated, represent the data of the Group)

Item	2025	2024	Year-on-year change	2023	2022	2021
Capital adequacy indicators (%)			change			
Core tier-one capital adequacy ratio ⁽¹⁰⁾	8.27	8.27	-	8.12	8.10	8.05
Tier-one capital adequacy ratio ⁽¹⁰⁾	10.04	10.15	(0.11)	9.61	9.72	9.75
Capital adequacy ratio ⁽¹⁰⁾	13.08	13.12	(0.04)	12.74	13.01	13.36
Other indicators (%)			change			
Liquidity ratio	72.16	84.10	(11.94)	80.14	73.47	87.79

Notes:

- (1) Net assets per share attributable to our shareholders = (equity attributable to our shareholders – other equity instruments)/the number of ordinary shares at the end of the period.
- (2) Basic earnings per share are calculated by dividing the net profit for the year/period attributable to our shareholders by the weighted average number of ordinary shares during the period.
- (3) Net customer loans = total customer loans – impairment allowance on customer loans.
- (4) Return on average total assets = net profit/the average balance of total assets at the beginning and the end of the period.
- (5) Return on average equity = net profit attributable to our shareholders of ordinary shares/the weighted average balance of equity attributable to our shareholders of ordinary shares at the beginning and the end of the period.
- (6) Net interest spread = the average yield on interest-earning assets – the average cost rate of interest-bearing liabilities.
- (7) Net interest margin = net interest income/the average interest-earning assets.
- (8) Net fee and commission income to operating income = net fee and commission income/operating income.
- (9) Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.
- (10) The capital adequacy ratio related indicators in the above table were calculated in accordance with the Capital Administrative Measures for Commercial Banks 《商業銀行資本管理辦法》 and other relevant regulatory requirements.

Chairman's Statement

In 2025, the global economic recovery process remained tortuous and circuitous, while the domestic economy forged ahead amid structural adjustments and shifts in growth drivers. The banking sector entered a new normal characterized by low interest rates and narrow net interest margins. Guided by national financial policies, under the strong leadership of the Luzhou Municipal Committee of the Communist Party of China (the “Luzhou Municipal Party Committee”) and the Luzhou Municipal People’s Government, and with the trust and support of our shareholders, we remained true to our financial mission. Firm in our conviction that “the greater the change, the more essential it is to return to fundamentals”, we committed to doing what is right yet challenging, delivering a solid annual performance.



We returned to the essence of value creation, rewarding shareholder trust with robust performance. We actively addressed risks and challenges, promoting the coordinated development of scale, quality, and efficiency. Our total assets surpassed the RMB200 billion milestone, achieving leapfrog growth from the RMB100 billion level in five years. Deposits and loans grew by 15.70% and 20.11% respectively, with development momentum continuing to be unleashed. Against the backdrop of industry-wide profit pressure, our net profit maintained a growth rate of over 20% for three consecutive years. Our return on average equity increased by 0.82 percentage points to 12.06%, while earnings per share and net assets per share both achieved steady growth. With our continuous enhancement of comprehensive strength, we ranked among the top 20 city commercial banks in the China Banking Association’s “GYROSCOPE” evaluation system for three consecutive years, with our overall ranking rising to 14th.

We returned to the essence of asset quality, safeguarding public trust with a robust risk defense line. Driven by our comprehensive risk control framework and adhering to a bottom-line approach, we continuously improved the closed-loop, full-process control covering “pre-event prevention, ongoing monitoring, and post-event resolution”, which drove the ongoing optimization of asset quality. By the end of 2025, our non-performing loan (NPL) ratio decreased to 1.18%, achieving a steady decline for three consecutive years. In strict accordance with the Rules on Risk Classification of Financial Assets of Commercial Banks, we completed a smooth transition in the risk classification of existing business while enhancing precision and compliance. To address potential risks in key areas, we maintained high-level oversight and implemented precise measures. Our Chairman and President personally led the management of major risk loans, continuously strengthening our risk resolution capabilities and efficiency.

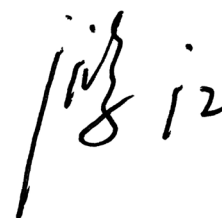
Chairman's Statement

We returned to the essence of governance capability, solidifying our development foundation with robust governance. We continuously improved the corporate governance structure and optimized governance mechanisms to ensure high-quality growth. We successfully completed the reform of the Board of Supervisors. We proactively strengthened capital management, optimizing capital structure and reducing financing costs through market-oriented approaches, driving steady declines in the interest rates of perpetual bonds and tier 2 capital bonds. After six years of persistent efforts, we were approved for the qualification to underwrite non-financial enterprise debt financing instruments. We actively revitalized existing resources through the issuance of two Payment Guarantee Asset-Backed Securities (ABS) and one Small and Micro Enterprise Loan Asset-Backed Securities (SME Loan ABS). The interest rate for the SME Loan ABS set a record low for similar products among city and rural commercial banks. We accelerated the pace of internal management reforms, making our internal regulations more aligned with development needs. We continuously enhanced the overall quality and professional capabilities of our team, deepened the integrated innovation of technology and business, and promoted the application of cutting-edge technologies such as large language models and artificial intelligence, injecting strong momentum into the Bank's high-quality development.

We returned to the essence of serving the local community, supporting economic development with genuine financial commitment. Closely aligning with the Luzhou Municipal Party Committee and Government's strategic deployment to "boost the economy and promote construction", we actively integrated into the regional development landscape, fully committed to ensuring financial services and

providing financial support for over 100 key projects. Focusing on industrial chain upgrades and enterprise development needs, we continuously increased credit allocation, empowering the real economy to improve quality and efficiency. We launched the "Liquor City Industry-Finance Loan" (酒城產融貸), an innovative product that leverages the industrial loan interest subsidy policy of the Sichuan Provincial Department of Finance. In collaboration with the Luzhou Municipal Health Commission, we co-built the "Healthy Luzhou" (健康瀘州) platform, which assisted 10 medical institutions in establishing digital systems and served nearly three million people. We consistently stood by small and micro enterprises and waived 74 types of fees, including account opening and transfer charges, striving to build a zero-fee bank. Our annual tax contribution ranked third among enterprises in Luzhou, fulfilling our responsibility and commitment as a local financial institution through concrete actions.

Looking ahead to 2026, the external environment remains complex, industry transformation continues to intensify, and business development still faces numerous uncertainties. However, within these changes lie opportunities. We will remain steadfast in our financial essence, hold the bottom line with heightened risk awareness, and navigate changes with superior governance. We will serve the local community with deeper regional commitment and repay every shareholder, customer, and partner who trusts us through sustained growth and value creation.



Chairman
YOU Jiang

President's Statement

In 2025, amidst a complex and volatile global and domestic economic environment, the banking industry faced collective challenges, including narrowing profit margins, intensifying competition, and mounting operational pressures. Our management team, together with all employees, united as one and confronted difficulties head-on. We turned external pressures into drivers for transformation, and responded to challenges with practical action, accumulating significant momentum for the Bank's steady progress and achieving commendable results.

We navigated the headwinds with cost reduction and efficiency enhancement, delivering tangible results against challenges. Facing declining interest rates and narrowing net interest margins, we centered on the operational objectives set by the Board of Directors, balanced development with security and scale with profitability, maintaining a sound trend of steady progress. Our total assets, deposits,

and loans grew by 18.40%, 15.70%, and 20.11%, respectively, solidifying our development foundation. We proactively adjusted the liability structure, continuously reduced deposit interest costs, with the deposit interest rate decreasing by 46 basis points (BP), marking the largest decline since our business transformation in 2022. We continued to optimize our deposit structure, with the proportion of low-cost deposits steadily increasing, laying a solid foundation for cost reduction and efficiency enhancement. Supported by both cost control and scale growth, we achieved a net profit of RMB1,542 million over the past year, growing by 20.91% year-on-year while the net interest spread remained unchanged from the previous year.

We prioritized customer value as our core principle, responding to change through transformation. We consistently adhered to a customer-value orientation, continuously innovating financial service models to drive more refined and diversified customer service. We persistently enhanced asset operation capabilities, successfully issuing two tranches of Payment Guarantee ABS totaling RMB846 million, becoming the second bank in Sichuan province to conduct this business. We made sustained efforts in marketing to high-quality clients, continuously expanding the customer base among central enterprises, provincial, and municipal state-owned enterprises, maintaining excellent loan quality and pricing levels. We continuously upgraded wealth management services to meet the needs of high-net-worth clients, exploring the distribution of trust products and wealth management products, and enhancing customer loyalty with professional and attentive service. Focusing on the "five priorities" of financial development, we issued RMB506 million in SME Loan ABS, opening new financing channels for small and micro enterprises. We continuously optimized and iterated on our signature financial products, such as E Lu Dai, Shui Jin Loan, and Liquor City Industry-Finance Loan, comprehensively utilizing policy tools like relending loans to agriculture and small businesses and industrial interest subsidies to effectively reduce corporate financing costs. We implemented differentiated service strategies tailored to diverse client segments. To address the financing challenges of asset-light technology innovation enterprises, we eased financing bottlenecks



President's Statement

through intellectual property pledges. For local traditional industries, we adapted financial services to their distinctive business models, focusing on the inheritance of intangible cultural heritage skills and the certification of aged fermentation pits, and bringing financial warmth into traditional craftsmanship and cultural preservation. We promoted the transformation of merchant acquiring business towards customization and scenario-based services, covering diverse scenarios such as canteens, properties, and schools. As a result, stable deposits increased by over 44% year-on-year.

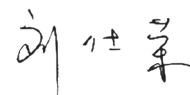
We built our foundation with internal reform, enhancing effectiveness through management.

In response to industry transformation and development requirements, we have consistently benchmarked against industry best practices, driving continuous improvements in management, talent, and technology. We vigorously advanced the development of our internal regulations, establishing or revising 98 policies and procedures over the past year. This has significantly enhanced the robustness, applicability, and execution of our policy framework. We strengthened our talent team by recruiting professionals of various specialties, resulting in a continuously optimized workforce structure, with the proportion of employees holding a bachelor's degree or above rising to 87.10%. We also reinforced our talent review mechanism, ensuring that promotions and demotions were performance-based, with 19 managers demoted over the past year. We accelerated our technological development. We fully integrated the retail and corporate credit systems and successfully launched key systems such as unified identity authentication and electronic archiving. The AI application platform "Banmu Fangtang" (半亩方塘) was introduced, with large language model technology deployed across five major scenarios, including knowledge Q&A, meeting minutes, and credit report assistance. As a result, 23 loan products now support end-to-end online processing, continuously enhancing both operational efficiency and the customer experience.

We used risk prevention and control as our shield, safeguarding trust with a firm bottom line.

We always prioritized risk prevention and control. By the end of 2025, the NPL ratio stood at 1.18%, reaching the best level in nearly six years, with asset quality remaining excellent. We adhered to precise prevention and control, closely monitoring risks in key areas, strengthening the monitoring and management of overdue loans, and continuously optimizing credit strategies and management mechanisms. For the disposal of NPLs, we formulated disposal plans tailored to each specific case, intensifying efforts in NPL recovery and disposal through methods such as debt rights transfer and enforcement notarization, with the proportion of cash recovery reaching a record high. We continuously improved the comprehensive risk control framework, strictly adhering to all bottom lines concerning credit risk, liquidity risk, operational risk, and reputation risk, safeguarding the trust and expectations of our shareholders and customers through solid risk prevention and control work.

Looking ahead to 2026, the macroeconomic environment is expected to remain complex and challenging, with the industry pattern of low interest rates and narrow net interest margins persisting. We will maintain strategic resolve, responding to market volatility with greater resilience, meeting customer expectations with superior service, and navigating cycles with more solid steps. Together with all employees, we will cultivate diligently and persevere steadfastly, striving to propel Luzhou Bank towards higher-quality, more efficient, and more sustainable development.



President
LIU Shirong

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

1 ENVIRONMENT AND PROSPECT

In 2025, the world economic recovery followed a tortuous path, with profound adjustments in major-power relations and severe disruptions to the international economic and trade order. Domestically, cyclical and structural contradictions became intertwined, posing multiple challenges to maintaining stable economic performance. Faced with this complex situation, the Chinese government implemented precise policies, unswervingly acting on the new development philosophy to promote high-quality development. With the synergistic effect of its macro policies, the main expected targets were successfully achieved. In 2025, China's Gross Domestic Product (GDP) reached RMB140,187.9 billion, surpassing the RMB140 trillion mark for the first time, representing a 5.0% year-on-year increase at constant prices. The 14th Five-Year Plan was successfully concluded, and the Chinese economy continued to be the largest contributor to and the most significant stabilizer of global economic growth. As a core province in the construction of the Chengdu-Chongqing Double City Economic Circle, Sichuan Province closely aligned with national regional development strategies. By strengthening industrial ecosystems and chains to drive high-quality development, Sichuan province achieved steady economic progress with enhanced quality. Its annual GDP exceeded RMB6.76 trillion, a year-on-year increase of 5.5%, firmly maintaining its position as the fifth-largest provincial economy in the country. As a crucial growth pole on the southern flank of the Chengdu-Chongqing Double City Economic Circle, Luzhou City promoted the revitalization of traditional industries and the expansion of emerging industries. In 2025, its GDP reached RMB300,429 million, a year-on-year increase of 6.4%. The city's economic ranking rose by one place to 5th in the province, achieving both reasonable quantitative growth and effective qualitative improvement in its economy.

Looking ahead to 2026, the domestic and international environment remains complex and severe. However, the fundamentals underpinning the long-term soundness of the Chinese economy remain unchanged, and the overarching trend towards high-quality development is irreversible. As the inaugural year of the 15th Five-Year Plan, 2026 will see the state comprehensively implement the principles of the Fourth Plenary Session of the 20th Central Committee of the Communist Party of China and the deployments of the Central Economic Work Conference. Priority will be given to adhering to a domestic demand-led approach and building a strong domestic market. Reforms and opening-up will be continuously deepened, new quality productive forces will be accelerated, and efforts will be made to advance the deep integration of technological and industrial innovation. In Sichuan Province, where our bank is located, efforts will focus on accelerating the development of a modern industrial system, strengthening and optimizing traditional competitive industries, and enhancing the development level of the Chengdu-Chongqing Double City Economic Circle through coordinated regional development. Luzhou City will focus on building up its "5+5" key industrial ecosystems and chains. The "Year of Project Quality and Efficiency" will serve as a central theme, guiding ten major initiatives: strengthening the manufacturing sector, driving investment through projects, fostering the integrated development of culture, tourism, and commerce, and building a uniquely charming Chinese liquor city. These efforts are designed to achieve both qualitative and quantitative economic growth, while ensuring continuous improvements in people's livelihoods.

Facing the opportunities and challenges of 2026, our bank will steadfastly uphold the political and people-centered nature of financial work, anchoring ourselves firmly in the fundamental task of serving the real economy. We will fully implement the decisions and deployments of national, provincial, and municipal authorities, proactively adapt to evolving trends in the industry, and continuously consolidate our operational foundation while enhancing service quality and effectiveness. With stable development and excellent operating performance, we aim to repay the trust of our investors and all sectors of society, thereby continuously contributing financial strength to the high-quality development of the local economy and society.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

2 DEVELOPMENT STRATEGIES

In 2026, the Bank will fully implement the state-owned enterprise reform requirements set forth by the Municipal Party Committee and Government, continuously follow the guiding principle of pursuing progress while ensuring stability, and deepen its understanding of the essence of high-quality development. The Bank will strengthen its team building, enhance technology empowerment, deepen business interactions, promote business innovation, and reduce debt costs. Additionally, the Bank will further reinforce comprehensive risk management and proactively guard against various risks. The Bank will further integrate into the development of the Chengdu-Chongqing Double City Economic Circle, fully committed to serving the development of the Luzhou-Yongchuan-Jiangjin Integrated Development Demonstration Zone and the construction of the sub-provincial economic center in southern Sichuan. We will also proactively align with the city's overall development plans, remain true to our financial principles, and earnestly fulfill our strategic mission to promote local economic and social development.

3 CORPORATE CULTURE

In 2025, the Bank continued to strengthen its corporate culture by summarising, refining and enhancing its cultural values and spirit. We upheld the spirit demonstrated in the successful launch of our core banking system and promoted the “three enduring passions”, namely a long-term passion for the financial industry, for Luzhou Bank and for all fellow employees of Luzhou Bank. Driven by a strong corporate culture and professional dedication, we are committed to providing customers with high-quality, efficient, convenient and value-added comprehensive financial services, while striving to become more accurate, faster and stronger.

4 ANALYSIS OF THE STATEMENT OF PROFIT OR LOSS

4.1 Financial results highlights

Item	Unit: RMB'000	
	2025	2024
Net interest income	4,073,606	3,518,668
Net fee and commission income	86,007	173,506
Net gains on trading activities, net gains on financial investments and other operating income	701,072	1,516,839
Operating expenses	(2,064,194)	(1,794,319)
Expected credit losses/other asset impairment losses	(714,727)	(1,632,529)
Share of profits of associates	2,017	2,599
Profit before income tax	2,083,781	1,784,764
Income tax expenses	(541,393)	(509,099)
Net profit	1,542,388	1,275,665
Of which: net profit attributable to shareholders of the Bank	1,541,426	1,275,665

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

In 2025, the profit before income tax amounted to RMB2,084 million, representing an increase of RMB299 million or 16.75% as compared to the previous year, and the net profit amounted to RMB1,542 million, representing an increase of RMB267 million or 20.91% as compared to the previous year. The following table sets forth the impacts of changes in major profit or loss items on profit before income tax for the year 2025.

Item	Amount
Profit before income tax in 2024	1,784,764
Changes in 2025	
Changes in net interest income	554,938
Changes in net fee and commission income	(87,499)
Changes in net gains on trading activities, net gains on financial investments and other operating income	(815,767)
Changes in operating expenses	(269,875)
Changes in expected credit losses/other asset impairment losses	917,802
Changes in share of profits of associates	(582)
Profit before income tax in 2025	2,083,781

Unit: RMB'000

4.2 Operating income

In 2025, the Group's operating income amounted to RMB4,861 million, representing a decrease of RMB348 million or 6.69% as compared to the previous year, of which net interest income accounted for 83.81%, representing an increase of 16.26 percentage points as compared to the previous year. Net non-interest income amounted to RMB787 million, accounting for 16.19%. The following table sets forth the year-on-year comparison of the components of the Bank's operating income in the past five years.

Item	2025	2024	2023	2022	2021
Net interest income	83.81	67.55	64.74	83.50	77.81
Net fee and commission income	1.77	3.33	2.16	2.41	1.52
Net gains on trading activities, net gains on financial investments and other operating income	14.42	29.12	33.10	14.09	20.67
Total	100.00	100.00	100.00	100.00	100.00

Unit: %

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

4.3 Net interest income

In 2025, the Group's net interest income amounted to RMB4,074 million, representing an increase of RMB555 million or 15.77% as compared to the previous year, mainly due to the expansion of the scale of interest-earning assets and decrease in the average cost rate of interest-bearing liabilities. The following table sets forth the average balance, interest income/expense and average yield/cost rate of the assets and liabilities of the Group for the periods indicated. The average balances of interest-earning assets and interest-bearing liabilities are daily average balances.

Unit: RMB'000

Item	2025			2024		
	Average balance	Interest income/expense (audited)	Average yield/cost rate	Average balance	Interest income/expense (audited)	Average yield/cost rate
Interest-earning assets						
Customer loans	118,419,181	6,847,852	5.78%	103,199,273	6,294,893	6.10%
Investments ⁽¹⁾	28,564,237	897,973	3.14%	25,032,464	1,034,877	4.13%
Due from and placements with banks and other financial institutions ⁽²⁾	5,418,237	81,781	1.51%	3,911,236	71,552	1.83%
Balances with central bank	11,035,850	139,223	1.26%	9,388,738	116,453	1.24%
Total	163,437,505	7,966,829	4.87%	141,531,711	7,517,775	5.31%

Unit: RMB'000

Item	2025			2024		
	Average balance	Interest income/expense (audited)	Average yield/cost rate	Average balance	Interest income/expense (audited)	Average yield/cost rate
Interest-bearing liabilities						
Customer deposits	157,426,101	3,378,748	2.15%	129,917,106	3,393,775	2.61%
Due to and placements with banks and other financial institutions ⁽³⁾	2,955,698	76,078	2.57%	5,529,923	124,379	2.25%
Debt securities issued	13,710,227	335,003	2.44%	12,319,432	361,890	2.94%
Others	5,854,405	103,394	1.77%	6,163,449	119,063	1.93%
Total	179,946,431	3,893,223	2.16%	153,929,910	3,999,107	2.60%
Net interest income	-	4,073,606	-	-	3,518,668	-
Net interest spread	-	-	2.71%	-	-	2.71%
Net interest margin	-	-	2.49%	-	-	2.49%

Notes:

- (1) Investments indicated in section 4.3 include credit related financial assets, financial assets at fair value through other comprehensive income and financial assets measured at amortised cost.
- (2) Amounts due from and placements with banks and other financial institutions indicated in section 4.3 include financial assets held under resale agreements.
- (3) Amounts due to and placements with banks and other financial institutions indicated in section 4.3 include financial assets sold under repurchase agreements.

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(The financial data expressed in RMB unless otherwise stated)

In 2025, the Group's average balance of interest-earning assets was RMB163,438 million, representing an increase of RMB21,906 million or 15.48% as compared to the previous year, mainly due to an increase in the scale of loans. Net interest margin was 2.49%, unchanged from the previous year, mainly attributable to the increase in net interest income being broadly in line with the growth in the average balance of interest-earning assets. Net interest spread was 2.71%, also unchanged from the previous year, mainly due to the decrease in the average cost of interest-bearing liabilities being in line with the decrease in the average yield on interest-earning assets.

The following table sets forth the distribution of changes in the Group's interest income and interest expense due to volume and interest rate changes for the periods indicated: the volume changes were measured by changes in average balance; interest rate changes were measured by changes in average interest rate, and changes in interest income and expense due to volume and interest rate changes were included in the changes in interest income and expense due to volume changes.

Unit: RMB'000

Item	2025 vs. 2024		Net increase (decrease)
	Due to volume	Due to interest rate	
Assets			
Customer loans	880,126	(327,167)	552,959
Investments	111,028	(247,932)	(136,904)
Due from and placements with banks and other financial institutions	22,746	(12,517)	10,229
Balances with central bank	20,779	1,991	22,770
Changes in interest income	1,034,679	(585,625)	449,054
Liabilities			
Customer deposits	590,410	(605,437)	(15,027)
Due to and placements with banks and other financial institutions	(66,260)	17,959	(48,301)
Debt securities issued	33,984	(60,871)	(26,887)
Others	(5,458)	(10,211)	(15,669)
Changes in interest expense	552,676	(658,560)	(105,884)
Changes in net interest income	482,003	72,935	554,938

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(The financial data expressed in RMB unless otherwise stated)

4.4 Interest income

In 2025, the Group's interest income amounted to RMB7,967 million, representing an increase of RMB449 million or 5.97% as compared to the previous year, mainly due to an increase in the average balance of interest-earning assets, although the increase in the interest income was partially offset by the decrease in the average yield on interest-earning assets. The interest income from customer loans and investments constituted the major part of the interest income of the Group.

Interest income from customer loans

In 2025, the Group's interest income from customer loans amounted to RMB6,848 million, representing an increase of RMB553 million or 8.78% as compared to the previous year. The following table sets forth the average balance, interest income and average yield of each component of the Group's customer loans for the periods indicated.

Unit: RMB'000

Item	2025			2024		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
Corporate loans	105,921,307	6,232,782	5.88%	89,697,357	5,570,681	6.21%
Personal loans	12,497,874	615,070	4.92%	13,501,916	724,212	5.36%
Total loans	118,419,181	6,847,852	5.78%	103,199,273	6,294,893	6.10%

Interest income from investments

In 2025, the Group's interest income from investments amounted to RMB898 million, representing a decrease of RMB137 million or 13.23% as compared to the previous year, mainly due to a decrease in the average investment yield.

Interest income from deposits and placements with banks and other financial institutions

In 2025, the Group's interest income from deposits and placements with banks and other financial institutions amounted to RMB82 million, representing an increase of RMB10 million or 14.30% as compared to the previous year, mainly due to an increase in the average balance of deposits and placements with banks and other financial institutions.

Interest income from balances with central bank

In 2025, the Group's interest income from balances with central bank amounted to RMB139 million, representing an increase of RMB23 million or 19.55% as compared to the previous year, mainly due to an increase in the average balance of with central bank.

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(The financial data expressed in RMB unless otherwise stated)

4.5 Interest expense

In 2025, the Group's interest expense amounted to RMB3,893 million, representing a decrease of RMB106 million or 2.65% as compared to the previous year, mainly due to a decrease in the average cost rate of interest-bearing liabilities. Interest expenses on customer deposits and debt securities issued constituted the major part of the interest expense of the Group.

Interest expense on customer deposits

In 2025, the Group's interest expense on customer deposits amounted to RMB3,379 million, representing a decrease of RMB15 million or 0.44% as compared to the previous year. The following table sets forth the average balance, interest expense and average cost rate of each component of the Group's customer deposits for the periods indicated.

Unit: RMB'000

Item	2025			2024		
	Average balance	Interest expense	Average cost rate	Average balance	Interest expense	Average cost rate
Corporate deposits	70,430,421	1,142,552	1.62%	55,470,395	1,068,612	1.93%
Personal deposits	86,995,680	2,236,196	2.57%	74,446,711	2,325,163	3.12%
Total deposits	157,426,101	3,378,748	2.15%	129,917,106	3,393,775	2.61%

Interest expense on amounts due to and placements with banks and other financial institutions

In 2025, the Group's interest expense on amounts due to and placements with banks and other financial institutions amounted to RMB76 million, representing a decrease of RMB48 million or 38.83% as compared to the previous year, mainly due to a decrease in the average balance of amounts due to and placements with banks and other financial institutions.

Interest expense on debt securities issued

In 2025, the Group's interest expense on debt securities issued amounted to RMB335 million, representing a decrease of RMB27 million or 7.43% as compared to the previous year, mainly due to a decline in the average interest rate of the debt securities issued.

4.6 Net non-interest income

In 2025, the Group's net non-interest income amounted to RMB787 million, representing a decrease of RMB903 million or 53.44% as compared to the previous year. The net fee and commission income as a percentage of operating income was 1.77%, representing a decrease of 1.56 percentage points as compared to the previous year. The following table sets forth the major components of the Group's net non-interest income for the periods indicated.

Unit: RMB'000

Item	2025	2024
Fee and commission income	136,876	218,324
Less: fee and commission expense	(50,869)	(44,818)
Net fee and commission income	86,007	173,506
Net gains on trading activities, net gains on financial investments and other operating income	701,072	1,516,839
Total net non-interest income	787,079	1,690,345

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4.7 Net fee and commission income

In 2025, the Group's net fee and commission income amounted to RMB86.007 million, representing a decrease of RMB87.499 million or 50.43% as compared to the previous year.

Item	Unit: RMB'000	
	2025	2024
Commission income from settlement services	3,883	2,773
Commission income from bank card services	1,199	1,317
Commission income from agency services	14,164	2,969
Commission income from guarantees and credit commitments	29,049	6,121
Commission income from wealth management agency service	83,677	199,652
Commission income from investment banking services	4,629	4,930
Other commission income	275	562
Total	136,876	218,324
Fee and commission expenses	(50,869)	(44,818)
Net fee and commission income	86,007	173,506

In 2025, the Group's commission income from settlement services amounted to RMB3.883 million, representing an increase of RMB1.110 million or 40.03% as compared to the previous year. Commission income from bank card services amounted to RMB1.199 million, representing a decrease of RMB0.118 million or 8.96% as compared to the previous year. Commission income from agency services amounted to RMB14.164 million, representing an increase of RMB11.195 million or 377.06% as compared to the previous year. Commission income from guarantees and credit commitments amounted to RMB29.049 million, representing an increase of RMB22.928 million or 374.58% as compared to the previous year. Commission income from wealth management agency services amounted to RMB83.677 million, representing a decrease of RMB115.975 million or 58.09% as compared to the previous year, mainly due to the reduction in the scale of wealth management products and the generally weak performance of the bond market. Commission income from investment banking services amounted to RMB4.629 million, representing a decrease of RMB0.301 million or 6.11% as compared to the previous year. Other commission income amounted to RMB0.275 million, representing a decrease of RMB0.287 million or 51.07% as compared to the previous year.

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(The financial data expressed in RMB unless otherwise stated)

4.8 Net gains on trading activities, net gains on financial investments and other operating income

In 2025, the Group's net gains on trading activities, net gains on financial investments and other operating income amounted to a total gain of RMB701 million, representing a decrease of RMB816 million or 53.78% as compared to the previous year. Among which, net gains on trading activities decreased by RMB371 million as compared to the previous year. Other operating income decreased by RMB275 million as compared to the previous year, mainly due to the decrease in income from the disposal of foreclosed assets. The following table sets forth the major components of the Bank's net gains on trading activities, net gains on financial investments and other operating income for the periods indicated.

Unit: RMB'000

Item	2025	2024
Net gains on trading activities	568,771	939,889
Net gains on financial investments	90,315	259,888
Other operating income	41,986	317,062
Total	701,072	1,516,839

4.9 Operating expenses

In 2025, the Group's operating expenses amounted to RMB2,064 million, representing an increase of RMB270 million or 15.04% as compared to the previous year. Among them, staff costs increased by RMB155 million or 17.33% as compared to the previous year; tax and surcharges decreased by RMB10 million or 10.68% as compared to the previous year. The following table sets forth the major components of the Group's operating expenses for the periods indicated.

Unit: RMB'000

Item	2025	2024
Staff costs (including Directors' and supervisors' emoluments (allowance inclusive))	1,050,791	895,572
Business and administrative expenses	609,519	544,169
Depreciation and amortization	202,177	178,824
Tax and surcharges	87,242	97,677
Professional service fees	26,055	24,356
Expenditures on public welfare donations	8,920	7,341
Rental fees	7,982	3,550
Auditors' remuneration	4,328	3,180
Others	67,180	39,650
Total	2,064,194	1,794,319

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(The financial data expressed in RMB unless otherwise stated)

4.10 Expected credit losses/Other assets impairment losses

In 2025, the Group's expected credit losses/other assets impairment losses amounted to RMB715 million, representing a decrease of RMB918 million or 56.22% as compared to the previous year. The following table sets forth the major components of the Group's expected credit losses for the periods indicated.

Item	Unit: RMB'000	
	2025	2024
ECL for customer loans at amortised cost	790,121	1,210,928
ECL for customer loans – FVOCI	57,588	(2,402)
ECL for financial investments – credit related financial assets	(269,320)	(145,602)
ECL for financial assets measured at amortised cost	129,125	478,168
ECL for financial assets – FVOCI	(15,715)	66,096
ECL for financial assets held under resale agreements, due from and placements with banks and other financial institutions	863	(5,241)
ECL for credit commitments	14,586	22,756
ECL for other receivables	108	102
Other assets impairment losses	7,371	7,724
Total	714,727	1,632,529

Expected credit losses on loans constituted the largest part of expected credit losses/other assets impairment losses. In 2025, the expected credit losses on loans (including discounted bills) amounted to RMB848 million, representing a decrease of RMB361 million or 29.86% as compared to the previous year.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

5 ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF FINANCIAL POSITION

5.1 Assets

As of the end of 2025, the Group's total assets amounted to RMB202,462 million, representing an increase of RMB31,462 million or 18.40% as compared to the end of the previous year, mainly due to the increase of customer loans. The following table sets forth the components of the Bank's total assets as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025		December 31, 2024	
	Amount	% of total	Amount	% of total
Gross amount of customer loans	124,829,885	61.66	103,927,573	60.78
ECL allowance on loans at amortised cost	(6,046,172)	(2.99)	(5,342,538)	(3.12)
Net customer loans	118,783,713	58.67	98,585,035	57.66
Cash and balances with central bank	13,675,409	6.75	10,234,384	5.99
Due from and placements with banks and other financial institutions	7,249,550	3.58	729,137	0.43
Financial investments – credit related financial assets	2,238,079	1.11	2,110,510	1.23
Financial investments – financial assets at fair value through profit or loss	27,873,970	13.77	32,867,602	19.22
Financial investments – financial assets at fair value through other comprehensive income	4,501,042	2.22	3,349,139	1.96
Financial investments – financial assets measured at amortised cost	24,264,640	11.98	19,564,015	11.44
Investment in associates	–	–	57,542	0.03
Property and equipment	1,504,452	0.74	1,054,569	0.61
Deferred income tax assets	1,950,945	0.97	1,708,908	1.00
Other assets	420,117	0.21	738,731	0.43
Total assets	202,461,917	100.00	170,999,572	100.00

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(The financial data expressed in RMB unless otherwise stated)

Customer loans

As of the end of 2025, the Group's gross amount of customer loans amounted to RMB124,830 million, representing an increase of RMB20,902 million or 20.11% as compared to the end of the previous year; net customer loans amounted to RMB118,784 million, representing an increase of RMB20,199 million or 20.49% as compared to the end of the previous year. The following table sets forth the customer loans of the Group by product type as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025		December 31, 2024	
	Amount	% of total	Amount	% of total
Corporate loans	109,293,854	87.56	89,635,993	86.25
Discounted bills	2,821,406	2.26	202,219	0.19
Personal loans	12,011,423	9.62	13,432,458	12.92
Accrued interest	703,202	0.56	656,903	0.64
Gross amount of customer loans	124,829,885	100.00	103,927,573	100.00
Less: ECL allowance on loans at amortised cost	(6,046,172)	-	(5,342,538)	-
Net customer loans	118,783,713	-	98,585,035	-

Corporate loans

As of the end of 2025, the Group's total corporate loans amounted to RMB109,294 million, representing an increase of RMB19,658 million or 21.93% as compared to the end of the previous year, accounting for 87.56% of the total customer loans, representing an increase of 1.31 percentage points as compared to the end of the previous year.

Discounted bills

As of the end of 2025, the Group's total discounted bills amounted to RMB2,821 million, representing an increase of RMB2,619 million or 1,295.22% as compared to the end of the previous year, accounting for 2.26% of the total customer loans, representing an increase of 2.07 percentage point as compared to the end of the previous year. The increase in the Group's total discounted bills was primarily because the Group increased its holdings of bills to balance the structure of its credit assets based on the status of its outstanding loan balance.

Personal loans

As of the end of 2025, the Group's personal loans amounted to RMB12,011 million, representing a decrease of RMB1,421 million or 10.58% as compared to the end of the previous year, accounting for 9.62% of the total customer loans, representing a decrease of 3.30 percentage points as compared to the end of the previous year.

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Investments

As of the end of 2025, the carrying value of the Group's investments amounted to RMB58,878 million, representing an increase of RMB986 million or 1.70% as compared to the end of the previous year. The following table sets forth the components of the Bank's investment portfolio as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025		December 31, 2024	
	Amount	% of total	Amount	% of total
Financial investments – credit related financial assets	2,238,079	3.80	2,110,510	3.65
Financial investments – financial assets at fair value through profit or loss	27,873,970	47.34	32,867,602	56.77
Financial investments – financial assets at fair value through other comprehensive income	4,501,042	7.65	3,349,139	5.79
Financial investments – amortised cost	24,264,640	41.21	19,564,015	33.79
Total	58,877,731	100.00	57,891,266	100.00

Financial investments – credit related financial assets

The Group's credit related financial assets are corporate loans extended through consolidated structured entities (trust and asset management plans). The following table sets forth the components of the Group's credit related financial assets as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025	December 31, 2024
Financial investments – credit related financial assets		
– Trust and asset management plans	2,292,022	2,449,967
ECL allowance	(219,820)	(513,551)
Accrued interest	165,877	174,094
Total	2,238,079	2,110,510

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Financial investments – financial assets at fair value through profit or loss

The following table sets forth the components of the Group's financial assets at fair value through profit or loss as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025	December 31, 2024
Financial investments – financial assets at fair value through profit or loss		
– Listed in Hong Kong	–	128,184
– Listed outside Hong Kong	3,813,178	6,048,815
– Unlisted	24,060,792	26,690,603
Total	27,873,970	32,867,602

Financial investments – financial assets at fair value through other comprehensive income

The following table sets forth the components of the Group's financial assets at fair value through other comprehensive income as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025	December 31, 2024
Financial investments – financial assets at fair value through other comprehensive income		
– Listed outside Hong Kong	39,306	478,718
– Listed in Hong Kong	–	35,942
– Unlisted	4,424,059	2,773,642
Subtotal	4,463,365	3,288,302
Accrued interest	37,677	60,837
Total	4,501,042	3,349,139

Financial investments – amortised cost

The following table sets forth the components of the Group's financial assets measured at amortised cost as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025	December 31, 2024
Financial investments – amortised cost		
– Listed outside Hong Kong	2,233,705	2,701,168
– Unlisted	22,308,365	17,009,362
Subtotal	24,542,070	19,710,530
Accrued interest	429,190	430,980
Less: ECL allowance	(706,620)	(577,495)
Total	24,264,640	19,564,015

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5.2 Liabilities

As of the end of 2025, the Group's total liabilities amounted to RMB188,730 million, representing an increase of RMB30,171 million or 19.03% as compared to the end of the previous year, mainly due to the stable increase in customer deposits. The following table sets forth the components of the Bank's total liabilities as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025		December 31, 2024	
	Amount	% of total	Amount	% of total
Customer deposits	156,555,800	82.96	135,314,340	85.34
Due to and placements from banks and other financial institutions	5,912,573	3.13	2,591,181	1.63
Borrowings from central bank	5,574,887	2.95	6,258,007	3.95
Tax payable	549,126	0.29	566,790	0.36
Debt securities issued	18,293,528	9.69	12,746,164	8.04
Other liabilities	1,844,135	0.98	1,082,686	0.68
Total liabilities	188,730,049	100.00	158,559,168	100.00

Customer deposits

As of the end of 2025, the Group's total customer deposits amounted to RMB156,556 million, representing an increase of RMB21,241 million or 15.70% as compared to the end of the previous year, accounting for 82.96% of the Group's total liabilities, being the Bank's primary source of funding. The following table sets forth the components of the Group's customer deposits by product type and customer type as of the dates indicated.

Unit: RMB'000

Item	December 31, 2025		December 31, 2024	
	Amount	% of total	Amount	% of total
Corporate deposits	63,351,929	40.47	52,552,528	38.84
Demand deposits	46,825,421	29.91	40,296,213	29.78
Time deposits	16,526,508	10.56	12,256,315	9.06
Personal deposits	89,442,383	57.13	79,726,256	58.92
Demand deposits	20,876,235	13.33	17,656,345	13.05
Time deposits	68,566,148	43.80	62,069,911	45.87
Interest payable	3,761,488	2.40	3,035,556	2.24
Total customer deposits	156,555,800	100.00	135,314,340	100.00

As of the end of 2025, the Group's corporate demand deposits accounted for 29.91% of total customer deposits, representing an increase of 0.13 percentage points as compared to the end of the previous year. Among those deposits, corporate demand deposits accounted for 73.91% of corporate deposits, representing a decrease of 2.77 percentage points as compared to the end of the previous year; and personal demand deposits accounted for 23.34% of personal deposits, representing an increase of 1.19 percentage points as compared to the end of the previous year.

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Due to and placements from banks and other financial institutions

As of the end of 2025, the Group's due to and placements from banks and other financial institutions amounted to RMB5,913 million, representing an increase of RMB3,321 million or 128.18% as compared to the end of the previous year.

Debt securities issued

As of the end of 2025, the Group's debt securities issued amounted to RMB18,294 million, representing an increase of RMB5,547 million or 43.52% as compared to the end of the previous year.

5.3 Total shareholder's equity

As of the end of 2025, the Group's total shareholder's equity amounted to RMB13,732 million, representing an increase of RMB1,291 million or 10.38% as compared to the end of the previous year.

Unit: RMB'000

Item	December 31, 2025	December 31, 2024
Share capital	2,717,752	2,717,752
Other equity instruments	2,399,547	2,296,704
Capital surplus	1,783,179	1,786,355
Other reserves	3,311,087	3,012,101
Retained earnings	3,422,062	2,627,492
Non-controlling interests	98,241	-
Total shareholder's equity	13,731,868	12,440,404

6 OTHER FINANCIAL INFORMATION

6.1 Analysis of off-balance sheet items

The Group's off-balance sheet items include credit commitments, operating lease commitments and capital commitments. Credit commitments are the most principal components and as of the end of the Reporting Period, the balance of credit commitments amounted to RMB5,489 million.

6.2 Overdue outstanding debts

As of the end of the Reporting Period, the Group had no overdue outstanding debts.

6.3 Assets pledged

As of the end of the Reporting Period, some of the Group's assets were pledged as collaterals under repurchase agreements with banks and other financial institutions, please refer to Note 39 to the financial statements for details.

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7 ANALYSIS OF LOAN QUALITY

During the Reporting Period, the Group continued to strengthen its dynamic monitoring on loan quality, thoroughly implemented various regulatory policies, continuously strengthened internal management, resolved loan risks through multiple ways and channels, and enhanced risk control ability, with the level of provision coverage meeting regulatory requirements and the loan quality continuously maintaining stable. As at the end of the Reporting Period, the Group's total principals of loans amounted to RMB124,127 million, representing an increase of 20.20% as compared to the end of the previous year; total NPLs amounted to RMB1,471 million, representing an increase of RMB242 million as compared to the end of the previous year, and the NPL ratio was 1.18%, representing a decrease of 0.01 percentage point as compared to the end of the previous year.

Distribution of Loans by Five-Category Classification

Unit: RMB'000

Item	December 31, 2025		December 31, 2024	
	Amount	% of total	Amount	% of total
Normal loans	121,089,944	97.56	99,875,487	96.71
Special mention loans	1,565,846	1.26	2,166,644	2.10
Substandard loans	327,637	0.26	408,984	0.39
Doubtful loans	522,597	0.42	336,845	0.33
Loss loans	620,659	0.50	482,710	0.47
Total principals of customer loans	124,126,683	100.00	103,270,670	100.00
Total NPLs	1,470,893	1.18	1,228,539	1.19

Pursuant to the regulatory requirements on risk-based classification of loans, the Group has adopted five-category classification to manage the quality of loans. NPLs include loans classified as substandard, doubtful and loss. As at the end of the Reporting Period, the percentage of substandard loans decreased by 0.13 percentage point to 0.26% as compared to the previous year, the percentage of doubtful loans increased by 0.09 percentage point to 0.42% as compared to the previous year, and the percentage of loss loans increased by 0.03 percentage point to 0.50% as compared to the previous year.

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Distribution of Loans and NPLs by Industry

Unit: RMB'000

Item	December 31, 2025				December 31, 2024			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Corporate loans	109,293,854	88.05	904,859	0.83	89,635,993	86.80	736,347	0.82
Leasing and business services	35,292,285	28.43	200,000	0.57	30,329,828	29.37	200,000	0.66
Construction	35,044,082	28.23	171,645	0.49	31,802,235	30.80	73,922	0.23
Wholesale and retail	18,406,151	14.83	210,726	1.14	9,723,067	9.42	36,095	0.37
Manufacturing	2,428,965	1.96	19,229	0.79	1,910,400	1.85	13,465	0.70
Real estate	7,387,618	5.95	298,612	4.04	8,056,124	7.80	399,400	4.96
Accommodation and catering	775,371	0.62	-	-	488,574	0.47	-	-
Education	192,300	0.15	-	-	111,050	0.11	-	-
Administration of water, environment and public utilities	1,829,821	1.47	556	0.03	1,373,235	1.33	-	-
Transportation, warehousing and express services	1,443,130	1.16	-	-	1,315,734	1.27	-	-
Others	6,494,131	5.25	4,091	0.06	4,525,746	4.38	13,465	0.30
Discounted bills	2,821,406	2.27	-	-	202,219	0.19	-	-
Retail loans	12,011,423	9.68	566,034	4.71	13,432,458	13.01	492,192	3.66
Total principals of customer loans	124,126,683	100.00	1,470,893	1.18	103,270,670	100.00	1,228,539	1.19

In 2025, the Group actively optimized the allocation of risk assets, served the real economy, proactively adjusted the credit structure, increased credit support to small and micro enterprises, agriculture-related economy and people's livelihood projects, and strictly controlled the credit investment in industries with overcapacity and uncertain outlook, so that the anti-risk capability of new credit assets was continuously enhanced. In terms of industry distribution, the Group's corporate NPLs mainly included real estate, wholesale and retail, and leasing and business services, accounting for 78.39% of the total corporate NPLs.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Distribution of Loans and NPLs by Product Type

Unit: RMB'000

Item	December 31, 2025				December 31, 2024			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Corporate loans	109,293,854	88.05	904,859	0.83	89,635,993	86.80	736,347	0.82
Working capital loans	93,984,716	75.72	606,246	0.65	73,570,916	71.24	336,947	0.46
Fixed asset loans	15,309,138	12.33	298,613	1.95	16,065,077	15.56	399,400	2.49
Discounted bills	2,821,406	2.27	-	-	202,219	0.19	-	-
Retail loans	12,011,423	9.68	566,034	4.71	13,432,458	13.01	492,192	3.66
Individual housing loans	1,992,530	1.61	47,904	2.40	2,247,679	2.18	39,348	1.75
Personal business loans	8,486,729	6.84	464,512	5.47	9,304,998	9.01	428,942	4.61
Personal consumption loans	1,532,164	1.23	53,618	3.50	1,879,781	1.82	23,902	1.27
Total principals of customer loans	124,126,683	100.00	1,470,893	1.18	103,270,670	100.00	1,228,539	1.19

Under the background of the transformation of old and new driving forces and the continuous promotion of supply-side reform, the Group actively addressed the changes of demand for effective credits, and maintained solid growth of corporate loan scale while adhering to the principle of prudent credit extension. As at the end of the Reporting Period, the proportion of corporate loans of the Group increased by 1.25 percentage points to 88.05% compared with the end of the previous year.

The NPL ratio of corporate loans increased by 0.01 percentage point to 0.83% compared with the end of the previous year.

The Group steadily developed its retail loan business and actively innovated retail business products. The balance of retail loans amounted to RMB12,011 million, the proportion of retail loans decreased by 3.33 percentage points to 9.68%, and the NPL ratio of retail loans increased by 1.05 percentage points to 4.71% as compared with the end of the previous year.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Distribution of Loans and NPLs by Geographical Region

Unit: RMB'000

Region	December 31, 2025				December 31, 2024			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Luzhou	82,837,173	66.74	1,015,844	1.23	69,272,718	67.08	811,791	1.17
Outside Luzhou	41,289,510	33.26	455,049	1.10	33,997,952	32.92	416,748	1.23
Total principals of customer loans	124,126,683	100.00	1,470,893	1.18	103,270,670	100.00	1,228,539	1.19

The Group continuously optimized the regional allocation of credit resources and enhanced risk management and control in key industries by serving the economy of Luzhou and actively expanding its cross-regional business.

Distribution of Loans and NPLs by Type of Collateral

Unit: RMB'000

Item	December 31, 2025				December 31, 2024			
	Amount of loans	% of total	Amount of NPLs	NPL ratio %	Amount of loans	% of total	Amount of NPLs	NPL ratio %
Unsecured loan	46,081,883	37.12	381,751	0.83	37,518,989	36.33	301,544	0.80
Guaranteed loans	63,193,095	50.91	482,790	0.76	49,914,638	48.33	392,645	0.79
Collateralized loans	10,123,574	8.16	604,506	5.97	12,834,062	12.43	532,238	4.15
Pledged loans	4,728,131	3.81	1,846	0.04	3,002,981	2.91	2,112	0.07
Total principals of customer loans	124,126,683	100.00	1,470,893	1.18	103,270,670	100.00	1,228,539	1.19

The Group enhanced risk prevention and control through risk mitigation measures such as adding in guarantors and collaterals, with guaranteed loans and collateralized loans accounting for 59.07%.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Concentration of Borrowers

In accordance with applicable PRC banking laws and regulations, the balance of loans to non-interbank single customers shall not exceed 10% of net capital, the total credit extension to single group customers shall not exceed 15% of net capital, the risk exposures to non-interbank single customers shall not exceed 15% of net tier-one capital, and the risk exposures to a group of non-interbank related customers shall not exceed 20% of net tier-one capital.

Key regulatory indicators (%)	Unit: %	
	Regulatory standard	December 31, 2025
Percentage of the balance of loans to the single largest customer in net capital	≤10	7.77
Percentage of total credit extension to single group customers in net capital	≤15	11.15
Percentage of the risk exposures to the single largest customer in net tier-one capital	≤15	9.70
Percentage of the risk exposures to single group customers in net tier-one capital	≤20	14.06

Loans to Our Ten Largest Single Borrowers

Name of borrowers	Industry	Unit: RMB'000	
		Amount of loans as at the end of the Reporting Period	% of total loans
A	Real estate	1,380,000	1.11
B	Leasing and business services	1,300,000	1.05
C	Leasing and business services	1,192,000	0.96
D	Construction	1,185,000	0.95
E	Leasing and business services	1,068,000	0.86
F	Leasing and business services	998,000	0.81
G	Construction	992,033	0.80
H	Leasing and business services	905,000	0.73
I	Real estate	897,000	0.72
J	Leasing and business services	875,000	0.70
Total		10,792,033	8.69

As at the end of the Reporting Period, the total loans of the ten largest single borrowers of the Group amounted to RMB10,792 million, accounting for 8.69% of the Group's total loans. The total loans of the largest single borrower amounted to RMB1,380 million, accounting for 1.11% of the Group's total loans.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Distribution of Loans by Period Overdue (Excluding Accrued Interest)

Unit: RMB'000

Period overdue	December 31, 2025		December 31, 2024	
	Amount	% of total loans	Amount	% of total loans
Overdue for up to 3 months (inclusive)	346,232	0.28	504,104	0.49
Overdue for over 3 months up to 1 year (inclusive)	675,601	0.54	470,955	0.45
Overdue for over 1 year up to 3 years (inclusive)	491,918	0.40	362,034	0.35
Overdue for over 3 years	215,765	0.17	213,188	0.21
Total overdue loans	1,729,516	1.39	1,550,281	1.50
Total principals of customer loans	124,126,683	100.00	103,270,670	100.00

As at the end of the Reporting Period, the Group's overdue loans amounted to RMB1,730 million, representing an increase of RMB179 million as compared to the end of the previous year. The percentage of overdue loans in the Group's total loans was 1.39%, representing a decrease of 0.11 percentage point as compared to the end of the previous year. Among them, loans overdue for up to 3 months (inclusive) amounted to RMB346 million, accounting for 20.02% of overdue loans. The Group has adopted a stricter classification criterion, under which loans whose principal or interest has been overdue for over 1 day (inclusive) would be deemed as overdue loans.

Foreclosed Assets and Provision for Impairment Allowance

As at the end of the Reporting Period, the Group's total foreclosed assets amounted to RMB58,812 thousand with provision for impairment allowance of RMB13,835 thousand, and the net foreclosed assets amounted to RMB44,977 thousand.

Provision for Credit Loss of Loans at Amortised Cost

The following table sets forth the changes in the Group's provision for credit loss of loans at amortised cost in the years indicated:

Unit: RMB'000

Item	December 31, 2025	December 31, 2024
Balance at the beginning of the year	5,342,538	4,572,916
Transfer from merger	37,205	–
Charge/(reversal) for the Period	790,121	1,224,489
Write-offs and disposals for the Period	(335,617)	(515,742)
Recoveries of loans written-off	235,504	31,147
Other changes	(23,579)	29,728
Balance at the end of the year	6,046,172	5,342,538

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Corresponding Measures Taken against Non-performing Assets

During the Reporting Period, the Bank adopted the following key measures to manage non-performing assets to enhance management and control of the asset quality, ensuring its stability:

The Bank strengthened the monitoring of overdue loans and loans that were showing other risk early warning signs, and properly collecting and disposing of non-performing loans. Firstly, we have ensured in-advance intervention; specifically, we have strengthened asset quality screening and management of loans associated with risk early warnings, formulated risk prevention and control measures in a timely manner, and firmly prevented loans from turning into non-performing loans; secondly, we have worked out “one-customer, one-policy” risk mitigation plan in light of the specific situations of non-performing loans, and enhanced collection efforts and improved collection efficiency and reduced collection costs through non-litigation collection, litigation or arbitration collection, and enforcement of notarization; thirdly, we have explored possibilities of resolving non-performing assets through multiple channels including assignment of creditor’s rights based on the traditional collection means; fourthly, we have written off loans which could be written-off, if appropriate, to optimize the credit asset structure; fifthly, we have established good communication mechanisms with relevant government departments and peer institutions to maintain an open channel to convey information, and jointly address potential problems arising from corporate operations by concerted efforts.

Credit Extension to Group Customers and Risk Management

The Bank adhered to the principle of “implementing unified credit extension, providing an appropriate amount and conducting real-time monitoring” in extending credit to group customers. Firstly, the Bank strengthened the identification of group customers by identifying group customers based on the principle of “substance is more important than form” and the invisible relationship among enterprises. Secondly, to prevent large-sum credit extension risk, the Bank implemented unified management of credit extension to group customers and laid emphasis on prevention of customer risks associated with long position financing and excessive credit extension. Thirdly, the Bank controlled the credit limit through establishing credit account of group customers, combed and updated the list of group customers in a timely manner and prudently approved credit limit to prevent concentration risk and improve its group customer management level on an ongoing basis.

Discount Loans Representing over 20% (Inclusive) of the Total Loans as at the end of the Reporting Period

As at the end of the Reporting Period, the Bank had no discount loans representing 20% (inclusive) or more of the total loans.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

8 ANALYSIS OF CAPITAL ADEQUACY RATIOS

The capital management of the Bank, while satisfying regulatory requirements, is targeted to constantly enhance the ability to resist risk of capital and boost return on capital, and on this basis, it reasonably sets the Bank's capital adequacy ratio target and guides business development by means including performance appraisal and capital allocation to achieve the coordinated development of its overall strategy, business development and capital management strategy.

We conduct regular internal capital evaluation to evaluate our capital adequacy and risk resistance ability by reference to stress testing. According to our internal capital evaluation and risk profile, we adjust our capital plans in a timely manner, optimize resources allocation and guide the transformation of branches and management departments to capital-light business to meet the planned capital adequacy ratio target.

We calculate our capital adequacy ratio in accordance with the Capital Administrative Measures for Commercial Banks (NFRA Order No. 4 of 2023) 《(商業銀行資本管理辦法)》(國家金融監督管理總局令 2023 年第 4 號) issued by the National Financial Regulatory Administration and other relevant regulatory provisions. The on-balance-sheet credit risk-weighted assets are calculated with different risk weights determined in accordance with each asset, counterparty, market and other relevant credit risks and by considering the effects of qualified pledge and guarantee; the same approach is also applied to the calculation of off-balance-sheet credit risk exposure. Market risk-weighted assets are calculated using the simplified standardized approach, and the operational risk-weighted assets are calculated using the basic indicator approach. During the Reporting Period, we complied with the capital requirements prescribed by regulatory authorities.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

The following table sets forth the information of the Group's capital adequacy ratio as at the dates indicated.

	<i>Unit: RMB'000</i>	
	December 31, 2025	December 31, 2024
Total capital before deductions	17,784,756	16,046,230
Of which: Core tier-one capital	11,256,271	10,126,598
Additional tier-one capital	2,402,506	2,296,704
Tier-two capital	4,125,979	3,622,928
 Total net capital	 17,761,524	 16,025,971
 Net core tier-one capital	 11,233,039	 10,106,339
Net additional tier-one capital	2,402,506	2,296,704
Net tier-one capital	13,635,545	12,403,043
 Total risk-weighted assets	 135,771,028	 122,189,986
 Core tier-one capital adequacy ratio	 8.27%	 8.27%
Tier-one capital adequacy ratio	10.04%	10.15%
Capital adequacy ratio⁽¹⁾	13.08%	13.12%

As at the end of the Reporting Period, the Group had a capital adequacy ratio of 13.08%, representing a decrease of 0.04 percentage point as compared to the end of the previous year, which was 2.58 percentage points higher than the regulatory requirement; and a tier-one capital adequacy ratio of 10.04%, representing a decrease of 0.11 percentage point as compared to the end of the previous year, which was 1.54 percentage points higher than the regulatory requirement; and a core tier-one capital adequacy ratio of 8.27%, unchanged from the end of the previous year, which was 0.77 percentage point higher than the regulatory requirement. The changes in the Group's capital adequacy ratios during the Reporting Period were mainly due to the sound growth in endogenous capital of the Group, with net profit as the core driver. The net increase in core tier-one capital remained largely in line with the growth in risk-weighted assets, resulting in the core tier-one capital adequacy ratio remaining stable as compared to the beginning of the year. However, as risk-weighted assets grew slightly faster than net tier-one capital and net capital, the tier-one capital adequacy ratio and capital adequacy ratio both saw a marginal decline from the beginning of the year. Throughout the Reporting Period, the Group's capital adequacy ratio at each tier was higher than regulatory standards.

Note:

(1) Capital adequacy ratio = total net capital/total risk-weighted assets.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

9 RISK MANAGEMENT

Credit Risk

The Bank adhered to the risk control principle of “proactive compliance, strict risk control and enhanced internal control”, continuously intensifying efforts for credit risk management through credit extension structure optimization, credit system improvement, credit staff cultivation and internal examination enhancement, non-performing loan reduction, etc. During the Reporting Period, the Bank intensified credit risk management in the following key aspects:

1. Adhering to policy guidance and optimizing the credit structure. To actively respond to national economic development strategies, the Bank aligns itself with national industrial restructuring and regional development goals, identifies and rationally allocates credit resources in a more scientific manner, and promotes the sustained and sound development of its credit business.
2. Strengthening credit approval, and strictly implementing hierarchical authorization for credit business. The Bank strengthened unified credit extension and management, and implemented hierarchical authorization for credit business based on business development needs; enhanced credit extension risk review and strictly implemented the independent review and approval mechanism in accordance with the principles of “objectivity and fairness, legal review, independent credit granting/approval, and responsibility for risks” and “substance over form”, with a focus on the review of industrial policies, sector policies, credit policies, loan purposes, repayment ability and guarantee ability. The Bank reinforced credit extension management of the Group customers and laid emphasis on the prevention of customer risks associated with multiple financing and excessive credit extension. The Bank also effectively identified high-risk customers, focused on substantial risks and proposed risk prevention measures to strictly control risks.
3. Strengthening risk screening and enhancing risk control in key areas. In accordance with the requirements of the regulatory authorities and the Bank’s risk management and control requirements, the Bank actively conducted various risk screening exercises.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

4. Strengthening post-loan management and strictly controlling risks in the post-loan stage. In light of the industries to which borrowers belong and their business characteristics, the Bank analyzed the changes in borrowers' business operations, financial conditions, credit status, payment behaviors, guarantees, and financing amount and channels through regular and irregular on-site inspections as well as off-site monitoring, promptly identified unfavorable changes and closely monitored substantial risks to take prompt control measures in response to risk signals; enhanced role-based checks and balances, implemented supervision and inspections, and consolidated a risk defense line in the post-loan management process.
5. Strengthening the monitoring of loans with early warning signs, and properly conducting collection and disposal of non-performing loans. The Bank strengthened asset quality screening and management of loans with risk warnings, formulated risk prevention and control measures in a timely manner, and firmly prevented loans from deteriorating into non-performing loans; the Bank developed "one-customer, one-policy" risk mitigation plans in light of the specific situations of non-performing loans, enhanced the intensity and efficiency of collection through non-litigation collection, litigation or arbitration collection, enforcement of notarized enforcement documents, claim assignment and other means; the Bank also established sound communication mechanisms with peer institutions and government departments to maintain smooth information channels, and jointly addressed potential problems arising from corporate operational difficulties.
6. Strengthening the construction of credit teams and promoting high-quality and efficient development of the credit business. With the purpose of "staying close to reality, meeting demands, rapid improvement and effective implementation", specialized training was delivered by invited external experts and internal key business professionals, supplemented by assessments such as examinations, evaluations, and competitive contests. The Bank kept enhancing the training and guidance for credit line staff, improved the professional competence and risk and compliance awareness of credit line staff across the Bank and fostered an enterprise-wide risk control culture aimed at preventing and controlling substantial risks and cases.

Operational risk

Operational risk refers to the risk of loss arising from deficiencies or failures in internal processes, personnel and information technology systems, as well as from external events. It includes legal risk, but excludes strategic risk and reputational risk.

The Bank has continuously strengthened operational risk prevention and control measures to guard against systemic operational risks and material operational risk losses. As of the end of the Reporting Period, there was no material operational risk event and case risk event.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

The Board of the Bank regards operational risk as one of the Bank's principal risks and assumes ultimate responsibility for operational risk management, and is responsible for deliberating on matters including the operational risk management policies, the operational risk appetite and its cascading mechanism, the comprehensive risk management reports covering operational risk submitted by the senior management, and matters relating to operational risk information disclosure. The Audit Committee is responsible for the oversight of operational risk management and supervises and reviews the performance and due discharge of duties by the Board and the senior management. The senior management assumes implementation responsibility for operational risk management, including formulating the operational risk management policies, setting and periodically reviewing the operational risk appetite and its cascading mechanism, maintaining a comprehensive understanding of the overall status of operational risk management, and submitting to the Board comprehensive risk management reports covering operational risk. The Operational Risk Management Committee under the senior management is responsible for the Bank-wide prevention and control of operational risk. The Bank has established a three lines of defence framework for operational risk management, covering business and management departments at all levels, under which each department carries out operational risk management in accordance with the division of responsibilities. During the Reporting Period, the Bank constantly improved the operational risk prevention and control system, gradually established an operational risk prevention and control structure featuring forward-looking case prevention structure, advanced risk gateways and proactive prevention measures, and improved the long-term mechanism for the prevention and control of case and operational risk. The Bank intensified operational risk management mainly in the following aspects:

1. Reinforce internal control. The Bank optimized the system, process and standards, strengthened special inspections and risk assessment in key business areas, established an inspection and rectification implementation mechanism, and plugged operational risk vulnerabilities based on the analysis and early warnings of key operational risk indicators.
2. Promote the publicity and implementation of compliance culture. The Bank carried out publicity, training and competitions, adhered to cultural guidance, strengthened business training, rooted the concept of "internal control first, compliance-oriented", and built a solid risk defense line for business development.
3. Strengthen case risk management and control. The Bank conducted regular inspections, job rotation and compulsory leave to identify abnormal employee behaviors; organized drills in accordance with emergency response plans and carried out special inspections to reduce potential risks; and continuously conducted risk account inspections to prevent case risks.
4. Raise the level of risk control in science and technology. The Bank paid close attention to development, operation and maintenance and outsourcing business to improve the quality and efficiency of project construction; the Bank carried out safe tests on Internet information systems, and strengthened prevention and control work, such as routine inspection and potential dangers of safety investigations to ensure the safe operation of the system; and conducted inspections on information technology outsourcing to ensure the completeness, compliance and effectiveness of the outsourcing management of information technology.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Market risk

Market risk refers to the risk of any loss in the Bank's on-balance-sheet and off-balance-sheet activities caused by any adverse change in market prices (interest rates, exchange rates, stock prices and commodity prices). The market risks the Bank faces mainly include interest rate risk and exchange rate risk. The Bank's market risk management aims at controlling market risks within an acceptable and reasonable range and achieving sustainable and sound development of various businesses.

The Bank's organizational structure for market risk management is jointly constituted by the Board and its committees, senior management and its comprehensive risk management committee and market risk management committee, risk management department, internal audit department, assets and liabilities management department, international business department, financial markets department, various business departments of the head office and branches. The Board assumes ultimate responsibility for market risk management. The senior management assumes implementation responsibility for market risk management and is responsible for organizing bank-wide market risk management. The market risk management committee under the senior management is the Bank's deliberative and decision-making body for market risk management and is responsible for deliberating on market risk management issues. Each department carries out its work in accordance with the division of responsibilities.

The Bank has formulated the operation-suiting basic system of market risk management and the corresponding risk appetite, and set up market risk limit metrics. The Bank has continuously improved risk management effectiveness by establishing authorization, credit, limits, monitoring and reporting measures.

1. Interest rate risk analysis

The Bank's trading books market risks arise primarily from the impact of changes in market interest rates on trading positions. With respect to the interest rate risk of trading positions, the Bank paid close attention to the domestic and international macroeconomic conditions and market liquidity changes and conducted market risk control through such measures as position setting and limit control. The Bank used systems to conduct measurement, monitoring and daily management on market risk, implemented daily valuation of trading book positions, continuously inspected transaction limits, stop-loss limits and other indicators, and regularly and effectively monitored, managed and reported on the implementation of risk limits.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

2. Exchange rate risk analysis

Exchange rate risk is the risk of adverse movements of exchange rate resulting in losses on the foreign currency exposure, which is due to the currency structure's imbalance between foreign currency assets and liabilities. Currently, the Bank's exchange rate risk arises primarily from the temporary risk of conversion of proceeds of the Bank from intermarket and foreign exchange settlement and sale business on behalf of customers due to exchange rate fluctuations, and the percentage of such fund is low, therefore, the adverse effect of exchange rate risk has been kept under the Bank's control. The following table sets forth, as at December 31, 2025 and 2024, the results of the Group's exchange rate sensitivity analysis based on the Group's assets and liabilities at the same date.

Unit: RMB'000

	Expected changes of profit/(loss) before tax	
	December 31, 2025	December 31, 2024
1% increase in foreign exchange rate against RMB	685	5,980
1% decrease in foreign exchange rate against RMB	(685)	(5,980)

Interest Rate Risk in the Banking Book

Interest rate risk in the banking book refers to the risk of losses in the economic value of the banking book and overall earnings arising from adverse changes in interest rates, maturity structure and other relevant factors. The Bank's interest rate risk in the banking book primarily arises from the mismatch between the repricing periods of assets and liabilities. The Bank's interest rate risk in the banking book management aims to balance interest rate risk in the banking book and returns based on the assessment of interest rate trends, keeping interest rate risk in the banking book within a controllable range, and achieving sustainable development.

The Bank formulated an operation-suiting basic system for interest rate risk in the banking book management and the corresponding risk appetite, and set up interest rate risk in the banking book limit metrics. With respect to the repricing risk in assets and liabilities businesses, the Bank mainly measured the interest rate sensitivity gap periodically, analysed the interest rate risk the Bank could bear through the gap and further evaluated the impacts of changes in interest rates on net profit and other comprehensive income. The Bank took measures in a timely manner to adjust the asset-liability product portfolio and ceiling and the pricing method of deposit and loan interest rate to ensure the risk level control is within the acceptable range, in line with internal and external management needs.

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Interest rate sensitivity analysis

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Bank's net profit. The following table sets forth, as at December 31, 2025 and 2024, the results of the Bank's interest rate sensitivity analysis based on the bank's assets and liabilities at the same date.

Unit: RMB'000

	Expected changes of net profit	
	December 31, 2025	December 31, 2024
+ 100 basis points parallel move in all yield curves	(257,638)	(264,647)
- 100 basis points parallel move in all yield curves	257,638	264,647

The table below illustrates the potential impact of 100 basis points move in all yield curves on the other comprehensive income of the Group.

Unit: RMB'000

	Changes of other comprehensive income	
	December 31, 2025	December 31, 2024
+ 100 basis points parallel move in all yield curves	(159,761)	(39,226)
- 100 basis points parallel move in all yield curves	174,038	40,507

Liquidity Risk Management and Analysis

Liquidity risk refers to the risk that the commercial banks cannot timely obtain sufficient funds at reasonable costs for repaying matured debts, fulfilling other payment obligations and satisfying other funding needs for normal business operation.

The Bank's liquidity risk management aims at fully identifying, measuring and monitoring the liquidity risk in the Bank's business lines and links by establishing and continuously improving the strategies, policies, procedures and management systems of liquidity risk management; ensuring sufficient funds to meet the needs for paying debts due and funding business operation in normal operation and stressful situations; and achieving the coordination and unity between safety, liquidity and profitability in business development to promote the Bank's sustainable and healthy operation.

To improve the effectiveness of liquidity risk management, the Bank has established a governance structure for liquidity risk management according to the principle of separating the functions of formulating, implementing and supervising liquidity risk management policies, which provides the duties and reporting lines of the Board and its committees, senior management and its comprehensive risk management committee, Liquidity Risk Management Committee and the Bank's related departments, branches and sub-branches in respect of liquidity risk management. The Bank has implemented a robust liquidity risk appetite better suiting its current development. Currently, the Bank's liquidity risk management policies and systems are in line with regulatory requirements and management needs.

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The Bank carries out centralized management on liquidity risk. By improving the system for liquidity risk management, the Bank fully identify, accurately measure, continuously monitor, effectively control and timely report liquidity risk from two aspects: short-term provision and mid-and-long term structure with the information system for liquidity risk management, continuously monitor and analyze the future cash flow and various limits and indicators, and periodically conduct stress testing to judge whether the Bank has the ability to meet the liquidity needs in extreme cases. In addition, the Bank has formulated a liquidity risk contingency plan which the Bank regularly test and evaluate.

The Bank holds adequate high-quality liquid assets to ensure its liquidity needs, and has sufficient intraday liquidity positions and relevant financing arrangements to meet intraday payment requirements under both normal and stressed scenarios. Most of the Bank's funds are from customer deposits, which constituted a stable funding source due to their steady growth, wide varieties and diversified terms during the Reporting Period.

With a sound and compliant internal control system for liquidity risk management, the Bank conducts special internal audits on liquidity risk in due course and forms audit reports which are submitted to the Board.

In 2025, while paying close attention to changes in macro finance and economy, the Bank continuously enhanced fine management of liquidity risk. During the Reporting Period, the Bank intensified liquidity risk management mainly in the following aspects:

1. The Bank continuously optimized liquidity risk management and improved the system for liquidity risk management.
2. The Bank intensified its efforts in marketing of deposits, particularly the marketing of personal savings and stable deposits from quality small and medium-sized customers, to promote the growth of various deposits and continuously improve the overall stability of the Bank's liabilities.
3. The Bank paid close attention to financial and economic situations at home and abroad and changes of market liquidity, and made prudent and reasonable judgement to timely adjust the Bank's assets and liabilities management strategies; continuously and dynamically monitored various indicators and limits management of liquidity risk through the information system for liquidity risk management and made fund arrangements in advance to ensure sufficient provisions and controllable liquidity risks.
4. The Bank continuously optimized asset-liability structure by constantly intensifying the bidirectional management of assets and liabilities, improving the stability of liabilities through multiple channels, rationally arranging for asset issuance and avoiding centralized maturity of liabilities.
5. The Bank designed several stress scenarios and conducted periodic liquidity risk-related stress testing in strict accordance with relevant provisions under the Administrative Measures on Liquidity Risk Management of Commercial Banks (《商業銀行流動性風險管理辦法》), various macro and micro factors which might affect the Bank's liquidity and taking into account the features, scale, nature, complexity and risk profile of the Bank's business.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

As of the end of the Reporting Period, the Bank witnessed a liquidity ratio of 72.16%, 47.16 percentage points higher than relevant regulatory requirements; a liquidity coverage ratio of 280.28%, 180.28 percentage points higher than relevant regulatory requirements; and a net stable funding ratio of 126.97%, 26.97 percentage points higher than relevant regulatory requirements, which reflected that the Group's major liquidity indicators were much higher than regulatory requirements.

Information Technology Risk Management

Information technology risks represent operational risk, legal risk, reputational risk and other types of risks caused by natural factors, human factors, technical loopholes and management failure arising from the process of using information technology in commercial banks. During the Reporting Period, the Group continuously strengthened information technology risk management through the following measures:

1. We established an application architecture review group to conduct application architecture analysis and design for newly developed or continued systems, thereby continuously enhancing the professional standards of application architecture planning and feasibility assessment. Efforts were also made to advance the development and testing tool framework and to promote the adoption of tools such as product management software, version control software and automated testing software.
2. We launched a new-generation operations and maintenance monitoring system and completed the integration of all production systems, enabling the rapid detection, response and resolution of production issues. We also continuously conducted post-incident reviews and analyses of issues such as business system failures and abnormalities in batch processing tasks to prevent the recurrence of similar failures. The number of newly identified system defects each month remained below the early warning threshold.
3. We organized and carried out special initiatives on cybersecurity and data security, engaging professional institutions to conduct cybersecurity technical assessments and data security risk evaluations in order to promptly eliminate potential security risks. In addition, we conducted cybersecurity emergency drills and invited professional security attack teams to carry out red-blue confrontation exercises to test the actual defensive capability of security protection measures and to enhance the practical experience of the security defense team.
4. We participated in business continuity stress tests organized by industry regulators and conducted drills for scenarios such as information system failures, unavailability of critical external networks and power outages at production centers, thereby enhancing emergency response capabilities for unexpected incidents. We also successfully organized a disaster recovery switch-over drill for customer fund transaction-related businesses, further verifying the effectiveness of disaster recovery resources.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Environmental and Social Risk

The Bank has effectively established an organizational structure for environmental and social risk management that functions at different levels. Acting as the supreme policy-making body for environmental and social risk management, the Board of Directors is responsible for the establishment of green finance management structure, determination of green finance development strategy, regular review of the achievement of environmental objectives, review of green finance and environment related disclosures, and assessment of environmental and climate change related risks to ensure that an appropriate and effective risk management system is established to address environmental and social related risks. At the same time, the Bank has established a Development Strategy Committee at the Board level to undertake the supervision and evaluation functions for green credit, which is responsible for evaluating the implementation of the Bank's green credit development strategy, so as to ensure a high-level, high-efficiency and high-quality development of green finance business. The Committee also assumes climate-related responsibilities and duties, and assists the Board in supervising matters relating to climate-related risks and opportunities.

Senior management is responsible for setting green credit-related targets and development strategies, establishing the corresponding mechanisms and processes, clearly defining responsibilities and authority; designating the Bank's senior leadership to take the lead in green credit work; organizing internal supervision and inspections as well as performance assessments and evaluations, and reporting annually to the Board of Directors and regulatory authorities on the development of green credit. Head office departments and branches of the Bank are responsible for implementing specific environment-related work in accordance with their respective functions. Among them, the Credit Approval Department is the lead management department for green credit of the whole bank, responsible for establishing and improving the green credit management framework, and formulating green credit targets and development strategies. taking the lead in preparing the list of compliance documents and the compliance risk review checklist, and collecting and promulgating policies relating to green credit; and being responsible, within its delegated authority, for the review and approval of green credit business, as well as the fillings and statistical reporting of green credit business; as the comprehensive risk management department, the Risk Management Department is responsible for the risks control related to green finance; and the Human Resources Department is responsible for incorporating green credit into the performance appraisal and evaluation system; each marketing unit is responsible for the entire process of green credit business, including pre-loan due diligence, business processing and post-loan management, as well as, within its delegated authority, business review and approval, identification, preparation of supporting evidence materials, and relevant statistical reporting; other departments and branch offices are responsible for coordinating relevant specific work.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

The Bank actively responded to the national carbon dioxide peaking and carbon neutrality goals, earnestly implemented the provisions of the Guidelines on Green Finance for Banking and Insurance Industries (《銀行業保險業綠色金融指引》), Green Credit Guidelines (《綠色信貸指引》) and other regulations issued by the former CBIRC, fully refined the early warning and response mechanism of environmental and social risks based on its actual situation, and constantly improved the environmental and social risk management system. In 2025, the Bank mainly adopted the following measures to strengthen environmental and social risk management:

1. The Bank implemented differentiated and dynamic credit extension strategies and risk management systems for industries and enterprises exposing to different environmental and social risks, and has set the overall credit strategy of “compliance with laws and regulations and controllable risks; optimizing investment and supporting on the basis of merit; innovating services and enhancing efficiency”. The Bank adhered to the policy orientation of “green credit,” as requiring that green credit access and approval criteria complied with national industrial and environmental protection policies, and treated customers’ compliance with environmental responsibilities and industry environmental management requirements as an important factor in assessing customers’ operating risks; it emphasized the support for green, low-carbon and circular economies, such as manufacturing green and energy-saving products, promoting infrastructure construction, leading the development of green agriculture, and promoting the improvement of ecological environment. Projects and enterprises that violate national policies and may have a significant adverse impact on the environment and society were rejected, and loans for new projects falling under the “restricted” or “eliminated” categories specified in national industrial policies were strictly controlled. Meanwhile, the Bank included relevant clauses in various business contracts to guide customers to strengthen environmental and social risk management and to accept the Bank’s supervision, thereby preventing the transmission of environmental and social risks at the source of business operations.
2. The Bank strictly adhered to post-lending management requirements for credit business and conducted periodic assessments, from the perspectives of customers’ operating conditions, risk early-warning indicators and risk classification, of green credit customers’ performance in environmental protection and energy conservation and emissions reduction throughout the loan term, and adjusted its credit policies as appropriate in a timely manner. For customers with potential environmental and social risks, the Bank performed regular follow-up on their production and operating conditions, closely monitored the impacts of national industrial, sectoral and environmental policies on their operations, reviewed relevant records of environmental authorities and environmental information disclosed by the banking regulator, identified possible adverse environmental records in a timely manner, enhanced ongoing analysis, and made timely adjustments in respect of asset risk classification, provisioning and loss write-offs, and, where risk issues were identified, implemented corresponding risk mitigation measures promptly.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

3. The Bank proactively undertook responsibility for green and low-carbon development through full, accurate and comprehensive implementation of the new development philosophy, starting with individuals and with matters at hand. Taking into account the Bank's actual situation and future development plan, the Bank set and refined environmental targets in respect of emission reduction, waste reduction, energy conservation and water conservation, and regularly reviewed the achievement of such targets. The Bank promoted green business development by integrating green and low-carbon concepts into its daily operations, advocating green office practices and green travel, establishing a green procurement mechanism, strengthening the assessment of suppliers' environmental responsibilities, publicizing and implementing awareness of environmental protection, and continuously improving the performance of its own operating environment. Meanwhile, the Bank promoted the cultivation of a green credit culture by incorporating green credit policies into its annual training plan, enhancing employees' awareness of and emphasis on green credit, and fostering a Bank-wide management philosophy and green credit culture atmosphere centered on "environmental responsibility and sustainable development." The Bank required all credit personnel to strengthen their study of the green credit system and relevant industry knowledge on environmental protection, energy conservation and emissions reduction; to familiarize themselves with the state's guidelines, policies, laws and regulations on green credit, and to enhance environmental compliance awareness in credit activities; and In their work, to consciously take compliance with national requirements on environmental protection, pollution control, energy saving and emissions reduction, and ecological protection as an important basis for credit-related work.
4. The Bank actively addressed risks and challenges brought about by climate change. Based on the analysis of the Bank's own environmental and geographical location and the changes in policies, laws, technologies and markets brought about by climate change, the Bank analyzed the impact of potential risks from physical risks and transition risks and formulated relevant countermeasures, during the reporting period, the Bank carried out, for the first time, climate stress testing to assess asset quality across industries under stressed scenarios, thereby scientifically enhancing its climate risk quantification capability and promoting the Bank's stable, green and sustainable development.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

10 SEGMENT REPORTING

The following segment operating results are presented by business segment. The Bank's main businesses include corporate banking, retail banking, financial market business and others. The following table sets forth a summary of the operating results of each business segment of the Bank for the periods indicated.

Unit: RMB'000

Item	2025		2024	
	Segment profit before income tax	Ratio %	Segment profit before income tax	Ratio %
Corporate banking	1,162,847	55.80	588,212	32.96
Retail banking	617,970	29.66	308,483	17.28
Financial markets	270,178	12.97	626,005	35.08
Others	32,786	1.57	262,064	14.68
Total	2,083,781	100.00	1,784,764	100.00

Unit: RMB'000

Item	2025		2024	
	Segment operating income	Ratio %	Segment operating income	Ratio %
Corporate banking	3,174,506	65.31	2,653,727	50.94
Retail banking	1,112,610	22.89	754,828	14.49
Financial markets	531,335	10.93	1,482,879	28.47
Others	42,234	0.87	317,579	6.10
Total	4,860,685	100.00	5,209,013	100.00

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

11 BUSINESS REVIEW

Corporate Banking Business

Adhering to the management tenet of “basing on local conditions, serving small and medium-sized enterprises, paying attention to the people’s livelihood and caring for the citizens”, the Bank actively participate in economic construction and social development, and providing its corporate customers with diversified financial products and services to support their business needs.

Corporate loans

As at the end of the Reporting Period, the balance of the Group’s corporate loans amounted to RMB109,294 million, representing an increase of 21.93% as compared to the beginning of the year. In particular, the Group’s loans to medium to large enterprises amounted to RMB45,740 million, accounting for 41.85% of the Group’s total corporate loans as of the same date, the Group’s loans to small and micro enterprises amounted to RMB63,514 million, accounting for 58.11% of the Group’s total corporate loans as of the same date, the Group’s other corporate loans amounted to RMB40 million, accounting for 0.04% of the Group’s total corporate loans as of the same date. The majority of the Group’s corporate loan customers are enterprises incorporated or otherwise having their primary operations in Sichuan Province, in particular Chengdu and Luzhou. Corporate loans have been the largest component of the Bank’s loan portfolio.

Bill discounting

Bill discounting refers to the bank acceptance bills and commercial acceptance bills purchased by the Group from the Bank’s corporate customers at prices lower than the par value. The Bank only buy bank acceptance bills and commercial acceptance bills from corporate customers which meet the Bank’s credit requirements, which is a form of providing short-term financing for such customers.

We also operate rediscounting and interbank bill discounting businesses in our financial markets business segment. Based on the said businesses, the Group can resell discounted bills to the PBOC or other commercial banks, which will bring us extra current assets and additional revenue in interest spread.

As at the end of the Reporting Period, the Group’s discounted bills amounted to RMB2,821 million.

Corporate deposits

As at the end of the Reporting Period, the balance of the Group’s corporate customer deposits amounted to RMB63,352 million, accounting for 40.47% of the total deposit balance. The Group offers its corporate customers RMB time and demand deposits. The RMB time deposits the Group offered to corporate customers have maturities ranging from three months to five years. We also offer negotiated deposit products that have customized interest rates and maturities and other terms. In addition, we offer call deposit products, which have higher interest rates than demand deposits and reserve certain flexibility of demand deposits (customers may send a notice in advance to withdraw the deposits). The Group’s corporate deposit customers primarily include government agencies such as financial, transportation and social security institutions, public institutions, state-owned enterprises and medium to large private corporations.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Corporate products

For financing needs of corporate customers, the Bank has developed many customized products to meet customers' different financing needs.

The Group rolled out "Tian Tian Loan C" featuring one-time credit extension, revolving usage and interest-free repayment for three times within the first to third seven days of each extension; "Shui Jin Loan" and "Shui e Loan", which are credit products that take tax payment as the main basis of credit extension; "Piao e Loan", with the value-added tax invoicing amount as the main basis of credit extension; "Le Ye Dai", "Piao Bao Tong" and "E Lu Dai", which provide supply chain financial services around the upstream and downstream enterprises of core enterprises; the Bank provides micro and small enterprises with "CBD Loan" without collateral and that can be borrowed and repaid at any time; "Fang Hao Loan", which are housing secured loan products providing the one-stop online mortgage registration rolled out based on the mode of "Internet + Real Estate Registration"; "Zheng Cai Loan", with the government purchase orders as the basis of credit extension; "Ying Shang Loan", which is a credit product that takes the transaction breakdown of acquiring business or the average daily corporate deposits as the main basis of credit extension, as well as other products, to offer customers efficient and convenient financing services by giving full play to the agile decision-making advantage of the local legal-person institution.

Corporate banking customer base

As at the end of the Reporting Period, the Group had a total of 62,170 corporate banking customers, representing an increase of 8,537 or 15.92% year-on-year. The rapid growth of the Group's corporate banking business is underpinned by our strong customer base. By studying the specific financial needs of corporate banking customers, the head office has launched a broad range of products and services with specific features targeting selected groups of customers. The head office has also established a special customer relationship management system, which can closely track customers' and their partners' business transactions with the head office, enabling the head office to offer customized financial services to them.

Financial services for micro and small enterprises

The Group has earnestly implemented the spirit of the Central Economic Work Conference. Externally, the Bank stepped up the use of policy instruments and strengthened cooperation among banks, governments, guarantors and enterprises. Internally, the Bank adopted a series of measures including enhancing technology application, team building, product innovation, process streamlining, fee reduction and profit concession, service optimization and improved assessment, to further improve the quality and effectiveness of financial services for micro and small enterprises. Meanwhile, to better meet the financing needs of micro and small enterprises, the Group established the "Huirongtong Small and Micro Loan Center" as a specialized institution, and enabled 38 outlets to handle micro and small business.

During the Reporting Period, loan of RMB141,594 million was released to 8,234 micro and small enterprises by the Group in total. As at the end of the Reporting Period, the Group's loan balance to micro and small enterprises amounted to RMB70,924 million. The number of micro and small customers was 9,042. The balance of the Group's inclusive finance loans to micro and small enterprises amounted to RMB15,781 million, where the number of micro and small customers was 8,705.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Retail Banking Business

The Group provides its retail customers with a wide range of financial products and services, including deposits, loans, card services, wealth management as well as collection and remit tax and other intermediary businesses. The Group has a broad retail customer base.

As of December 31, 2025, the Group had 1,600.7 thousand retail banking customers, representing an increase of 104.1 thousand or 7.05% as compared to the end of 2024, and with total retail deposits of RMB89,442 million and total retail loans of RMB12,011 million.

The Group classifies its retail customers into basic customers (with financial assets balance of less than RMB500,000), value customers (with financial assets balance of RMB500,000 (inclusive) to RMB1,000,000), high-end customers (with a balance of financial assets of RMB1,000,000 (inclusive) to RMB3,000,000), and high-net-worth customers (with financial assets balance exceeding RMB3,000,000 (inclusive)). As of December 31, 2025, the Group had 9,687 high-end customers, representing an increase of 560 or 6.14% as compared to 2024, and 1,859 high-net-worth customers, representing an increase of 344 or 22.74% as compared to 2024.

Retail deposits

The balance of retail deposits was RMB89,442 million, representing an increase of RMB9,716 million or 12.19% as compared to 2024, of which the balance of large-denomination certificates of deposit increased RMB7,596 million as compared to 2024.

Retail loans

The Group provides retail customers with personal business loans, personal consumption loans as well as personal residential and commercial mortgage loans. As of December 31, 2025, the total retail loans were RMB12,011 million, representing a decrease of RMB1,421 million or 10.58% as compared to the previous year.

Bank cards

As of December 31, 2025, the Bank had issued a cumulative total of 1,807.0 thousand bank cards to retail banking customers; among which, the outstanding bank cards amounted to 1,466.0 thousand, representing an increase of 110.3 thousand or 8.14% as compared to 2024.

Proprietary wealth management

The Group provides customers with the “Jin Gui Hua” series wealth management products based on their risk and return appetites. The Group’s wealth management funds are mainly invested in assets such as debt securities and money market instruments.

In 2025, the total amount of the wealth management products sold by the Group was RMB20,765 million. As of December 31, 2025, the Group had 32,340 customers for our wealth management products, of which 32,320 were retail customers and 20 were institutional customers, with product balance of RMB8,387 million.

Agency sales of wealth management products

The Group commenced to provide retail customers with agency sales services of wealth management products in 2025. As of 31 December 2025, the Group had 9,069 customers for our agency-sold wealth management products, with a balance on products of RMB1,354 million.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Agency sales of trust

The Group provides customers with agency sales services of trust plans. In 2025, the total amount of the Group's agency sales of trust plans amounted to RMB1,879 million. As of December 31, 2025, the Group had 1,594 customers holding trust plans sold by us on an agency basis, of which 1,593 were retail customers and 1 was institutional customer, with product balance of RMB2,262 million.

Precious metal services

The Group provides retail customers with precious metal products and services. The Group commenced to provide sales agency service for precious metal in 2018. As of December 31, 2025, the Group's agency sales of precious metal amounted to RMB8,685.0 thousand, representing an increase of RMB5,154.3 thousand or 145.99% as compared to the end of 2024.

Financial Market Business

In 2025, facing complex changes in the macro environment, market environment and regulatory environment, the Group fully analysed and assessed the macroeconomic and financial regulatory situation and implemented a series of regulatory requirements to prevent and control financial risks. As a result, all types of financial market business maintained stable growth.

The Group's financial market business primarily includes money market transactions and investment activities.

Money market transactions business

The Group's money market transactions include: interbank deposits, interbank lending and borrowing, bond repurchase, bill rediscount, and issuance of interbank certificates of deposit. During the Reporting Period, the Group actively participated in money market transactions and the total volume of money market transactions increased interbank market activity. The Group focused on the management and maintenance of interbank clients, maintained credit sustainability with them, and strived to increase interbank client stickiness while maintaining the diversification and dispersion of our counterparties.

1、 *Interbank deposits*

At the end of the Reporting Period, the balance of deposits from banks and other financial institutions was RMB361 million, representing a year-on-year decrease of RMB74 million or 17.01%. The balance of interbank deposits with other banks was RMB206 million, representing a year-on-year decrease of RMB23 million or 10.04%. The large change in interbank deposits was mainly because the year-on-year base of interbank deposit of the Group is small, while the scope of change is larger in respect of adjustment according to the business needs.

2、 *Interbank lending and borrowing*

At the end of the Reporting Period, the Group's balance of interbank borrowing was RMB767 million, representing a year-on-year decrease of RMB793 million or 50.83%; the balance of interbank lending was Nil, representing a year-on-year decrease of RMB300 million or 100.00%. The main reasons were: first, the Group adjusted the business structure, reducing the interbank borrowing; second, the interbank lending base was small at the beginning of the Reporting Period, resulting in a significant scope of change.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

3、 *Bond repurchase*

At the end of the Reporting Period, the Group's balance of repurchase was RMB4,757 million, representing a year-on-year increase of RMB4,168 million or 707.64%. The balance of reverse repurchase was RMB7,044 million, representing a year-on-year increase of RMB6,844 million or 3,422.00%. The large change was mainly due to the low base of forward and reverse repurchase at the beginning of the Reporting Period.

4、 *Bill rediscount*

At the end of the Reporting Period, the Group held bill transfer amounting to RMB2,821 million, representing a year-on-year increase of RMB2,619 million or 1,295.22%. This was mainly due to the small overall size of bill transfer portfolio, and the Bank increased its holdings of bill transfer in accordance with its business needs during the year.

5、 *Issuance of interbank certificates of deposit*

At the end of the Reporting Period, the balance of interbank certificates of deposit issued by the Group was RMB13,868 million, representing a year-on-year increase of RMB5,249 million or 60.90%. This was mainly because the Bank increased its issuance of interbank certificates of deposit in line with business adjustments.

Investment business

1、 *Bond investment*

As at the end of the Reporting Period, the Group optimized and adjusted the total amount and structure of bond investments according to the bond market conditions and its own asset allocation needs. At the end of the Reporting Period, the Group's bond investment amounted to RMB44,673 million, representing a year-on-year increase of RMB3,001 million or 7.20%. Among which, the balance of treasury bonds was RMB8,430 million, representing a year-on-year increase of RMB4,870 million or 136.80%; the balance of policy financial bonds was RMB11,850 million, representing a year-on-year decrease of RMB760 million or 6.03%; the balance of debt securities issued by local governments was RMB2,891 million, representing a year-on-year increase of RMB2,282 million or 374.71%; the balance of credit bonds was RMB7,682 million, representing a year-on-year decrease of RMB9,690 million or 55.78%; the balance of debt securities issued by commercial banks was RMB13,820 million, representing a year-on-year increase of RMB6,300 million or 83.78%.

2、 *SPV investment*

At the end of the Reporting Period, the Bank's SPV investment was RMB13,368 million, including RMB5,978 million for public funds, RMB5,227 million for trust plans, and RMB2,163 million for asset management plans. The Bank's SPV investment decreased by RMB2,001 million or 13.02% as compared to the beginning of the year, mainly due to a reduction in investment in public funds.

Management Discussion and Analysis

(The financial data expressed in RMB unless otherwise stated)

Financial Consumer Rights Protection

During the Reporting Period, the Bank closely followed the new developments in regulation in our work on consumer rights protection. Starting with the basic work, the Bank optimized organizational structure, consolidated its primary responsibilities, gave full play to the legal entity's institutional advantages, improved the financial service capability by focusing on product and service design, supplemented by promotional and educational campaigns for the public and internal inspection, and constantly improved the overall level of our work on consumer rights protection.

1. Establishing dedicated bodies and strengthening organizational leadership. The Bank set up a Consumer Rights Protection Committee under the Board of Directors to make unified plans and overall arrangements for the bank-wide work on consumer rights protection; and set up a Consumer Rights Protection Division under the Internal Control and Compliance Department to take up the work concerning consumer rights protection throughout the Bank. The Bank continuously improved our organizational structure and effectively enhanced our consumer rights protection work.
2. Improving institutional system and consolidating management foundation. The Bank rationalized the consumer rights protection system, established and improved a consumer rights protection system consistent with the Bank's organizational structure and business development, in order to provide a system support for the effective development of our work on consumer rights protection.
3. Highlighting brand reputation and popularizing public education. Adhering to the concept of "customer-centric" and "service creates value", the Bank provides standardized, rigorous, honest and reliable financial services to consumers to protect their legitimate rights. During the Reporting Period, the Bank organized and carried out various centralized promotional and educational activities such as "3.15 Consumer Rights Protection Publicity", "Popularization of Financial Knowledge Publicity", "Week of Public Publicity on Financial Knowledge", and "Centralized Publicity Day for Preventing Illegal Financial Activities." to enhance consumers' risk awareness.
4. Enhancing the awareness of responsibility and improving consumer protection. The Bank strictly abides by national laws and regulations, actively adapts to adjustments in regulatory policies, and implements relevant industry standards and operating guidelines. During the Reporting Period, the Bank deeply rooted the concept of consumer protection in product design, services, pricing management, agreement formulation, examination and approval, marketing and publicity, etc., to achieve whole-process, full-coverage and all-round management of consumer rights protection.

Changes in Share Capital and Information on Shareholders

I. CHANGES IN SHARE CAPITAL

In 2025, the Bank's share capital remained unchanged.

II. STATEMENT OF SHAREHOLDING STRUCTURE

Unit: Share, %

	December 31, 2024		Increase (decrease) during the Reporting Period	December 31, 2025	
	Quantity	Percentage		Quantity	Percentage
Total share capital	2,717,752,062	100.00%	-	2,717,752,062	100.00%
Domestic Shares held by legal person	1,914,695,969	70.45%	-	1,914,695,969	70.45%
Domestic Shares held by natural person	49,936,093	1.84%	-	49,936,093	1.84%
H Shares	753,120,000	27.71%	-	753,120,000	27.71%

III. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE BANK

During the Reporting Period, no listed securities of the Bank have been purchased, sold or redeemed by the Bank (including sales of treasury shares). As of the end of the Reporting Period, no treasury shares were held by the Bank.

Changes in Share Capital and Information on Shareholders

IV. DETAILS OF SHAREHOLDERS

As at the end of the Reporting Period, the total number of Shares of the Bank was 2,717,752,062 Shares, consisting of 1,964,632,062 Domestic Shares and 753,120,000 H Shares.

(I) Shareholding of Top 10 Holders of Domestic Shares of the Bank

Unit: Share

No.	Name of Shareholders	Class of shares	Number of Shares held at the end of the period	Shareholding percentage	Number of Shares pledged	Number of Share frozen
1	Luzhou Laojiao Group Co., Ltd.	Domestic Shares	390,528,000	14.37%	-	-
2	Sichuan Jiale Enterprise Group Co., Ltd.	Domestic Shares	325,440,000	11.97%	-	-
3	Luzhou Xinfu Mining Industry Group Co., Ltd.	Domestic Shares	325,440,000	11.97%	-	-
4	Luzhou Municipal Finance Bureau	Domestic Shares	193,853,760	7.13%	-	-
5	Luzhou State-owned Assets Operation Co., Ltd.	Domestic Shares	173,568,000	6.39%	-	-
6	Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.	Domestic Shares	110,059,035	4.05%	-	-
7	Chengdu Modern Agricultural Development Investment Co., Ltd.	Domestic Shares	97,252,320	3.58%	-	-
8	Luzhou Industrial Development Investment Group Co., Ltd.	Domestic Shares	88,232,393	3.25%	-	-
9	Luzhou City Xinglu Assets Management Co., Ltd.	Domestic Shares	62,154,702	2.29%	-	-
10	Luzhou Laojiao Co., Ltd.	Domestic Shares	43,392,000	1.60%	-	-

Changes in Share Capital and Information on Shareholders

(II) Interests and Short Positions of Substantial Shareholders and Other Persons in Shares and Underlying Shares under the Regulations of Hong Kong

To the knowledge of the Directors or chief executives of the Bank, as of December 31, 2025, interests and short positions of the following persons (other than the Directors and chief executives of the Bank) had or were deemed to have in the Shares and underlying Shares of the Bank which would be required to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept pursuant to Section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Class of Shares	Long position/short position	Number of Shares directly or indirectly held (share)	Number of Shares owned with derivative interest (share)	Approx. % of issued Shares in the Bank	Approximate % of the relevant Class of Shares in the Bank
Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司) ⁽¹⁾	Beneficial owner	Domestic Shares	Long Position	390,528,000	-		
	Interest in controlled corporation	Domestic Shares	Long Position	43,392,000	-		
				433,920,000	-	15.97%	22.09%
Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司) ⁽²⁾	Beneficial owner	Domestic Shares	Long Position	325,440,000	-	11.97%	16.56%
JIANG Xiaoying (姜曉英) ⁽²⁾	Interest in spouse	Domestic Shares	Long Position	334,118,400	-	12.29%	17.01%
Luzhou Xinfu Mining Industry Group Co., Ltd. (瀘州鑫福礦業集團有限公司)	Beneficial owner	Domestic Shares	Long Position	325,440,000	-	11.97%	16.56%
Sichuan Xinfu Industrial Group Co., Ltd. (四川鑫福產業集團有限公司) ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long Position	325,440,000	-	11.97%	16.56%
LAI Dafu (賴大福) ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long Position	325,440,000	-	11.97%	16.56%
GE Xiuqiong (葛修瓊) ⁽³⁾	Interest in controlled corporation	Domestic Shares	Long Position	325,440,000	-	11.97%	16.56%
Luzhou Industrial Development Investment Group Co., Ltd. (瀘州產業發展投資集團有限公司) ⁽⁴⁾	Beneficial owner	Domestic Shares	Long Position	88,232,393	-		
	Interest in controlled corporation	Domestic Shares	Long Position	173,809,911	-		
				262,042,304	-	9.64%	13.34%

Changes in Share Capital and Information on Shareholders

Name of Shareholder	Nature of interest	Class of Shares	Long position/short position	Number of Shares directly or indirectly held (share)	Number of Shares owned with derivative interest (share)	Approx. % of issued Shares in the Bank	Approximate % of the relevant Class of Shares in the Bank
Luzhou Xinglu Investment Group Co., Ltd. (瀘州市興瀘投資集團有限公司) ^⑥	Interest in controlled corporation	Domestic Shares	Long Position	233,613,417	-	8.60%	11.89%
Luzhou Municipal Finance Bureau (瀘州市財政局)	Beneficial owner	Domestic Shares	Long Position	193,853,760	-	7.13%	9.87%
Luzhou State-owned Assets Operation Co., Ltd. (瀘州國有資產經營有限公司)	Beneficial owner	Domestic Shares	Long Position	173,568,000	-	6.39%	8.83%
OTX ADVISORY HOLDINGS, INC. ^⑥	Beneficial owner	H Shares	Long Position	135,672,000	-	4.99%	18.01%
CHEN Xia (陳霞) ^⑥	Interest in controlled corporation	H Shares	Long Position	135,672,000	-	4.99%	18.01%
KAM CHING ^⑦	Beneficial owner	H Shares	Long Position	134,384,800	-	4.94%	17.84%
Mill Creek Asia Limited ^⑦	Beneficial owner	H Shares	Long Position	134,384,800	-	4.94%	17.84%
JNR Asia Corporation Limited ^⑧	Beneficial owner	H Shares	Long Position	130,920,000	-	4.82%	17.38%
HUANG Chengping (黃成萍) ^⑦	Interest in controlled corporation	H Shares	Long Position	130,920,000	-	4.82%	17.38%
Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. (瀘州市基礎建設投資有限公司) ^⑨	Beneficial owner	Domestic Shares	Long Position	18,007,680	-		
	Interest in controlled corporation	Domestic Shares	Long Position	110,059,035	-		
				128,066,715	-	4.71%	6.52%

Changes in Share Capital and Information on Shareholders

Name of Shareholder	Nature of interest	Class of Shares	Long position/short position	Number of Shares directly or indirectly held (share)	Number of Shares owned with derivative interest (share)	Approx. % of issued Shares in the Bank	Approximate % of the relevant Class of Shares in the Bank
Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. (瀘州興瀘居泰建設工程集團有限公司) ⁽⁹⁾	Beneficial owner	Domestic Shares	Long Position	110,059,035	-	4.05%	5.60%
Luzhou Chengnan Construction Investment Co., Ltd. (瀘州市城南建設投資有限公司) ⁽⁹⁾	Interest in controlled corporation	Domestic Shares	Long Position	110,059,035	-	4.05%	5.60%
China Development Fund Co., Ltd. (國開發發展基金有限公司) ⁽⁹⁾	Interest in controlled corporation	Domestic Shares	Long Position	110,059,035	-	4.05%	5.60%
Guotai Junan Securities CO., Ltd ¹⁰	Interest in controlled corporation	H Shares	Long Position	120,000,000	-	4.42%	15.93%
	Interest in controlled corporation	H Shares	Short Position	120,000,000	-	4.42%	15.93%
HWABAO TRUST CO., LTD	Trustee	H Shares	Long Position	120,000,000	-	4.42%	15.93%
Luzhou High-tech Investment Group Co., Ltd. (瀘州市高新投資集團有限公司)	Beneficial owner	H Shares	Long Position	120,000,000	-	4.42%	15.93%
FAN YUE ⁽¹¹⁾	Interest in controlled corporation	H Shares	Long Position	112,480,800	-	4.14%	14.94%
MX Corporation Limited ⁽¹¹⁾	Beneficial owner	H Shares	Long Position	37,576,400	-	1.39%	5.00%
Luzhou Liquor Investment Co., Ltd. (瀘州酒業投資有限公司)	Beneficial owner	H Shares	Long Position	72,000,000	-	2.65%	9.56%

Notes:

- (1) Luzhou State-owned Assets Supervision and Administration Commission (瀘州市國有資產監督管理委員會) had 90% equity interest in Luzhou Laojiao Group Co., Ltd. Luzhou Laojiao Group Co., Ltd. directly held 390,528,000 Domestic Shares and indirectly held 43,392,000 Domestic Shares through its controlled company Luzhou Laojiao Co., Ltd. (瀘州老窖股份有限公司). By virtue of the SFO, Luzhou Laojiao Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Laojiao Co., Ltd.
- (2) Mr. XIONG Guoming (熊國銘) (i) indirectly held 8,678,400 Domestic Shares through Sichuan Luzhou Jiale Real Estate Co., Ltd. (四川省瀘州市佳樂房地產有限責任公司). Luzhou Yijia Real Estate Development Co., Ltd. (瀘州益佳房地產開發有限公司) had approximately 92.68% equity interest in Sichuan Luzhou Jiale Real Estate Co., Ltd., Sichuan Jiale Yijia Industrial Co., Ltd. (四川佳樂益佳實業有限公司) had approximately 70.44% equity interest in Luzhou Yijia Real Estate Development Co., Ltd., and Mr. XIONG Guoming had 80% equity interest in Sichuan Jiale Yijia Industrial Co., Ltd.; and (ii) held 325,440,000 Domestic Shares through Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司) and Mr. XIONG Guoming had 80% equity interest in Sichuan Jiale Enterprise Group Co., Ltd. By virtue of the SFO, Mr. XIONG Guoming is deemed to be interested in the Domestic Shares held by Sichuan Luzhou Jiale Real Estate Co., Ltd. and Sichuan Jiale Yijia Industrial Co., Ltd. Ms. JIANG Xiaoying (姜曉英) is the spouse of Mr. XIONG Guoming and is deemed to be interested in the Domestic Shares held by Mr. XIONG Guoming under the SFO.
- (3) Mr. LAI Dafu and Ms. GE Xiuqiong held 60% and 40% equity interest in Sichuan Xinfu Industrial Group Co., Ltd., respectively. Sichuan Xinfu Industrial Group Co., Ltd. held 92% equity interest in Luzhou Xinfu Mining Industry Group Co., Ltd. By virtue of the SFO, each of Mr. LAI Dafu, Ms. GE Xiuqiong and Sichuan Xinfu Industrial Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinfu Mining Industry Group Co., Ltd.

Changes in Share Capital and Information on Shareholders

- (4) Luzhou Industrial Development Investment Group Co., Ltd. directly held 88,232,393 Domestic Shares and indirectly held 173,568,000 Domestic Shares through its wholly-owned subsidiary, Luzhou State-owned Assets Operation Co., Ltd. and indirectly held 241,911 Domestic Shares through its wholly-owned subsidiary, Lutianhua (Group) Co., Ltd. (瀘天化(集團)有限責任公司). By virtue of the SFO, Luzhou Industrial Development Investment Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou State-owned Assets Operation Co., Ltd. and Lutianhua (Group) Co., Ltd.
- (5) Luzhou Xinglu Investment Group Co., Ltd. (i) indirectly held 110,059,035 Domestic Shares, through its controlled corporation Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. (瀘州興瀘居泰建設工程集團有限公司), in which Luzhou Chengnan Construction Investment Co., Ltd. and Luzhou Xinglu Investment Group Co., Ltd. had 45.99% and 51.86% equity interest, respectively. Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. had approximately 50.82% equity interest in Luzhou Chengnan Construction Investment Co., Ltd., and Luzhou Xinglu Investment Group Co., Ltd. had approximately 55.11% equity interest in Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.; (ii) indirectly held 43,392,000 Domestic Shares through its controlled corporation Luzhou Laojiao Co., Ltd., in which Luzhou Xinglu Investment Group Co., Ltd. had approximately 24.86% equity interest. Luzhou Laojiao Group Co., Ltd. and Luzhou Xinglu Investment Group Co., Ltd. entered into an agreement on action in concert valid from June 1, 2024 to May 31, 2027 in respect of their respective equity in Luzhou Laojiao Co., Ltd.; (iii) indirectly held 62,154,702 Domestic Shares through its controlled corporation Luzhou Xinglu Asset Management Co., Ltd., in which Luzhou Xinglu Asset Management Co., Ltd. is wholly owned by Luzhou Xinglu Investment Group Co., Ltd.; and (iv) indirectly held 18,007,680 Domestic Shares through its controlled corporation Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. By virtue of the SFO, Luzhou Xinglu Investment Group Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd., Luzhou Laojiao Co., Ltd., Luzhou Xinglu Asset Management Co., Ltd. and Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.
- (6) OTX ADVISORY HOLDINGS, INC. is wholly owned by CHEN Xia. By virtue of the SFO, CHEN Xia is deemed to be interested in the H Shares held by OTX ADVISORY HOLDINGS, INC.
- (7) Mill Creek Asia Limited is wholly owned by KAM CHING. By virtue of the SFO, KAM CHING is deemed to be interested in the H Shares held by Mill Creek Asia Limited.
- (8) JNR Asia Corporation Limited is wholly owned by HUANG Chengping. By virtue of the SFO, HUANG Chengping is deemed to be interested in the H Shares held by JNR Asia Corporation Limited.
- (9) Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd. is held as to 51.86% equity interest by Luzhou Xinglu Investment Group Co., Ltd. and as to 45.99% equity interest by Luzhou Chengnan Construction Investment Co., Ltd., in which Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. and China Development Fund Co., Ltd. held approximately 50.82% and 41.18% equity interest, respectively. By virtue of the SFO, each of Luzhou Xinglu Investment Group Co., Ltd., Luzhou Fundamental Infrastructure Construction Investment Co., Ltd., China Development Fund Co., Ltd. and Luzhou Chengnan Construction Investment Co., Ltd. is deemed to be interested in the Domestic Shares held by Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.
- (10) Guotai Junan Financial Products Limited is wholly owned by Guotai Junan International Holdings Limited. Guotai Junan Financial Holdings Limited had 73.74% equity interest in Guotai Junan International Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd. By virtue of the SFO, each of Guotai Junan International Holdings Limited, Guotai Junan Financial Holdings Limited and Guotai Junan Securities Co., Ltd. is deemed to be interested in the interests in H Shares of Guotai Junan Financial Products Limited.
- (11) FAN YUE directly held (i) 37,410,200 H Shares through the wholly owned GSX Corporation; (ii) 37,576,400 H Shares through the wholly owned MX Corporation Limited; and (iii) 37,494,200 H Shares through the wholly owned YOHO CO., LTD. By virtue of the SFO, FAN YUE is deemed to be interested in the H Shares held by GSX Corporation, MX Corporation Limited and YOHO CO., LTD.

Save as disclosed above, to the knowledge of the Directors, the Bank is not aware of any other person (other than a Director and chief executive of the Bank) having any interests or short positions in the Shares or underlying Shares of the Bank as of December 31, 2025 which are required to be recorded in the register pursuant to section 336 of the SFO.

Changes in Share Capital and Information on Shareholders

(III) Substantial Shareholders of the Bank

For information about the substantial Shareholders⁽¹⁾ of the Bank, please refer to the Related party relationships and Related party transactions under note 43 to the financial statements of this annual report.

Note:

- (1) According to the Interim Measures for the Equity Management of Commercial Banks of the Former CBIRC (CBRC Order 2018 No. 1), substantial shareholders of a commercial bank refer to shareholders who hold or control 5% or above shares or voting right of the commercial bank, or who hold less than 5% of total capital or total shares of the commercial bank but have significant impacts on the operation and management of the commercial bank. The significant impacts mentioned above include but are not limited to dispatching directors or senior executives to a commercial bank.

V. DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE BANK

As of December 31, 2025, based on the information available to the Bank and as far as our Directors are aware, the interests and short positions of our Directors and chief executives in the Shares, underlying Shares and debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register of interests kept pursuant to section 352 of the SFO, or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were set out as follows:

Interests in the Bank held by our Directors and chief executives							
Name	Position	Nature of interest	Class of Shares	Long position/ short position	Number	Approximate % of interest in the Bank	Approximate
					of Shares directly or indirectly held (share)		% of the relevant class of Shares in the Bank
XIONG Guoming (熊國銘)	Director	Interest in controlled corporation	Domestic Shares	Long position	334,118,400	12.29%	17.01%
LIU Shirong (劉仕榮)	Director	Beneficial owner	Domestic Shares	Long position	13,018	0.0005%	0.0007%

Save as disclosed above, as of December 31, 2025, none of our Directors and chief executives had any interests or short positions in the Shares, underlying Shares or debentures of our Bank or any associated corporations (as defined in Part XV of the SFO) which were required to be recorded in the register kept pursuant to section 352 of the SFO or which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors, Senior Management and Employees

I. DIRECTORS AND SENIOR MANAGEMENT

(I) Directors

Name	Gender	Age	Time of joining the Bank	Position	Time of taking the position as Director
YOU Jiang (游江)	Male	52	July 2014	Executive Director, chairman of the Board of Directors	August 28, 2014
LIU Shirong (劉仕榮)	Male	59	October 1997	Executive Director, Employee Representative Director Non-executive Director (Employee Representative Director)	February 22, 2010 to March 23, 2026 March 23, 2026
PAN Lina (潘麗娜)	Female	42	May 2019	Non-executive Director	December 31, 2019
XIONG Guoming (熊國銘)	Male	63	February 2010	Non-executive Director	February 22, 2010
LUO Huoming (羅火明)	Male	49	September 2022	Non-executive Director	March 13, 2023
CHEN Ping (陳萍)	Female	53	September 2022	Non-executive Director	March 13, 2023
ZHONG Jin (鍾錦)	Male	64	May 2020	Independent non-executive Director	November 30, 2020
CHING Yu Lung (程如龍)	Male	56	September 2022	Independent non-executive Director	March 13, 2023
HAN Zirong (韓子榮)	Male	62	May 2024	Independent non-executive Director	November 4, 2024
FAN Jingdong (范靜東)	Male	56	October 2024	Independent non-executive Director	April 27, 2025

(II) Senior Management

Name	Gender	Age	Time of joining the Bank	Position	Time of taking the position
WANG Chong (王冲)	Male	40	December 2016	Vice president (performing duties on behalf of president)	March 9, 2026
YUAN Shihong (袁世泓)	Female	55	November 2015	Vice president	July 19, 2022
WU Ji (吳極)	Male	52	April 2016	Vice president	August 10, 2020
HAN Gang (韓剛)	Male	43	March 2016	Vice president and chief information officer	March 28, 2023
MING Yang (明洋)	Male	52	May 2019	Vice president and secretary of the Board, joint company secretary	March 28, 2023
HU Jia (胡嘉)	Male	46	November 2015	Vice President	March 28, 2023
YANG Bing (楊冰), whose former name was YANG Bin (楊斌)	Male	50	April 2016	Vice president	April 8, 2016
AI Yong (艾勇)	Male	53	September 1997	Assistant to president	December 28, 2012
LI Yan (李燕)	Female	44	August 2000	General manager of internal audit department	November 10, 2022
WANG Lan (王蘭)	Female	50	August 2002	General manager of accounting and finance department	November 10, 2022

Directors, Senior Management and Employees

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Changes in Directors

Mr. FAN Jingdong was elected as an independent non-executive Director of the Bank at the general meeting on October 24, 2024. The appointment of Mr. FAN Jingdong became effective after receiving the approval on the qualification of independent non-executive directorship issued by the Sichuan Bureau of the National Financial Regulatory Administration on April 27, 2025. From the same date, Mr. FAN Jingdong also served as a member of the consumer rights protection committee of the Board.

Mr. FAN Jingdong obtained the legal advice referred to in Rule 3.09D of the Listing Rules on April 23, 2025 and confirmed he understood his obligations as a Director.

Mr. GAO Jinkang resigned as an independent non-executive Director of the Bank due to personal work adjustments on November 26, 2025. His roles as chairperson of the related party (connected) transactions control committee, member of the audit committee, and member of the nomination and remuneration committee of the Board also ceased simultaneously.

Ms. WANG Jie was elected as a non-executive Director of the Bank at the general meeting on December 17, 2025. The appointment of Ms. Wang Jie will take effect upon approval of her qualification as a non-executive director by the Sichuan Bureau of the National Financial Regulatory Administration.

Ms. WANG Jie obtained the legal advice referred to in Rule 3.09D of the Listing Rules on February 9, 2026 and confirmed she understood her obligations as a Director.

Mr. QIU Wei was elected as an independent non-executive Director of the Bank on December 17, 2025 and was appointed by the Board as a member of the audit committee and the nomination and remuneration committee on November 26, 2025. These appointments will take effect upon approval of his qualification as an independent non-executive Director by the Sichuan Bureau of the National Financial Regulatory Administration.

Mr. QIU Wei obtained the legal advice referred to in Rule 3.09D of the Listing Rules on February 9, 2026 and confirmed he understood his obligations as a Director.

On March 23, 2026, as Mr. LIU Shirong resigned from his position as President of the Bank, he was re-designated as a non-executive Director (employee representative Director) of the Bank.

For details of the above changes, please refer to the relevant announcements published by the Bank.

2. Changes in Supervisors

On June 30, 2025, the Bank's General Meeting considered and approved the abolition of the Board of Supervisors and the amendments to the Articles of Association. The revised Articles of Association were approved by the Sichuan Bureau of the National Financial Regulatory Administration and became effective on November 7, 2025. Accordingly, the Board of Supervisors was formally dissolved in accordance with the law, and Mr. WU Wei, Mr. LYU Hong, Mr. GUO Bing, Ms. LIU Yongli and Mr. CHEN Yong no longer serve as supervisors of the Bank.

For details of the above changes, please refer to the relevant announcements published by the Bank.

Directors, Senior Management and Employees

3. Changes in Senior Management

On March 9, 2026, Mr. WANG Chong obtained approval from the Sichuan Bureau of the National Financial Regulatory Administration for his qualification of vice president, with effect from March 9, 2026.

On March 23, 2026, Mr. LIU Shirong resigned from his position as President of the Bank due to approaching retirement age; with the approval of the Board of Directors, Mr. WANG Chong, Vice President of the Bank, shall perform the duties on behalf of the President, with effect from the date of submission of the acting appointment report to the financial regulatory authorities.

On March 23, 2026, Ms. XUE Xiaoqin (whose former name is XUE Defang) resigned from her position as Vice President of the Bank due to approaching retirement age.

On March 23, 2026, Mr. WANG Chong resigned from his position as President of the Chengdu Branch of the Bank due to work adjustments; with the approval of the Board of Directors, Mr. GUO Changliang, Vice President of the Chengdu Branch of the Bank, shall perform the duties on behalf of the President of the Chengdu Branch, with effect from the date of submission of the acting appointment report to the financial regulatory authorities.

4. Changes in Information of Directors and President

Since September 2025, Ms. PAN Lina, a non-executive Director of the Bank, has ceased to serve as chairperson and general manager of Sichuan Shengsheng Huguo Condiment Co., Ltd. (四川生生護國調味品有限公司).

Since December 2025, Mr. LUO Huoming, a non-executive Director of the Bank, has ceased to serve as chairperson of Lutianhua (Group) Co., Ltd.

Since December 2025, Ms. CHEN Ping, a non-executive Director of the Bank, has ceased to serve as chairperson of Luzhou Xinglu Industrial Development Co., Ltd. (瀘州市興瀘實業發展有限公司).

Since March 16, 2026, Mr. HAN Zirong, an independent non-executive Director of the Bank, has been appointed as a member of the audit committee.

On March 23, 2026, Mr. LIU Shirong ceased to serve as President of the Bank and was re-designated as a non-executive Director (employee representative Director).

Save as disclosed above, from the date of the interim report of 2025 and up to the Latest Practicable Date, there is no change in information of Directors and president shall be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

Directors, Senior Management and Employees

III. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

1. Directors

Executive Director YOU Jiang (游江)

Mr. YOU Jiang (游江), aged 52, has been an executive Director since August 2014 and the chairman of the Board of Directors since December 2014. Mr. You is also a member of each of the development and strategy committee, the nomination and remuneration committee and the risk management committee of our Bank.

Prior to joining our Bank, Mr. You served as the division director (處長) of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions of former CBRC Sichuan Office (原中國銀監會四川監管局農村中小金融機構監管一處) from September 2013 to June 2014. He worked as the director-general (局長) of former CBRC Nanchong Branch (原中國銀監會南充監管分局) from May 2011 to September 2013. Mr. You worked as a deputy director-general (副局長) of former CBRC Ziyang Branch (原中國銀監會資陽監管分局) from December 2007 to April 2009 and then served as its director-general (局長) from April 2009 to May 2011. Mr. You served as a deputy division director (副處長) of the Division of Supervision and Regulation of Cooperative Financial Institutions of former CBRC Sichuan Office (原中國銀監會四川監管局合作金融機構監管處) from January 2007 to December 2007, during which period he also worked on secondment as a vice general manager of the risk management department of the Sichuan Provincial Branch of Industrial and Commercial Bank of China Limited (“ICBC”) (中國工商銀行股份有限公司四川省分行) and a vice president of the Chunxi sub-branch of ICBC (中國工商銀行股份有限公司春熙支行) from May 2007 to December 2007. Mr. You worked at former CBRC Sichuan Office as a vice office director (辦公室副主任) from January 2005 to January 2007. He worked as a member of the planning group of former CBRC Ya’an Branch (原中國銀監會雅安監管分局) from November 2003 to February 2004 and then a deputy director-general (副局長) of the former CBRC Ya’an Branch from February 2004 to January 2005. Mr. You worked at PBOC Ziyang Central sub-branch (中國人民銀行資陽市中心支行) as the assistant to president from July 2002 to November 2003. Prior to that, Mr. You worked at the secretarial division of the CPC committee office of PBOC Chengdu Branch (中國人民銀行成都分行) as a staff member from December 1998 to January 2000 and then the section chief (科長) from January 2000 to July 2002. He worked at PBOC Sichuan Branch (中國人民銀行四川省分行) as a cadre of the business department from July 1995 to July 1996 and a staff member of the secretarial division of the general office from July 1996 to December 1998.

Mr. You obtained a bachelor’s degree in economics, a master’s degree in economics and a doctoral degree in economics from Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC, in July 1995, December 2002 and July 2010, respectively. Mr. You is an economist.

Directors, Senior Management and Employees

Non-executive Director (Employee Representative Director) LIU Shirong (劉仕榮)

Mr. LIU Shirong (劉仕榮), aged 59, has been a non-executive Director (employee representative Director) since March 2026. Mr. Liu is also a member of each of the related party (connected) transactions control committee and the risk management committee of our Bank.

Mr. Liu joined our Bank in October 1997. Mr. Liu served as an executive Director (employee representative Director) from February 2010 to March 2026, as President of our Bank from June 2022 to March 2026, and as Vice President of our Bank from May 2016 to June 2022 (responsible for the executive work of the Bank since September 2019 and performing the duties on behalf of the president of the Bank since June 2021) and Secretary of the Board of Directors from December 2012 to January 2022 and Joint Company Secretary of our Bank from December 2018 to January 2022. Prior to that, Mr. Liu served as the head of the office of the Board of Directors from March 2012 to October 2014, and acted as the responsible person of the accounting and finance department of our Bank from November 2011 to March 2012. Mr. Liu worked as the head of the administration office (行政辦公室主任) of our Bank from February 2008 to November 2011. He served as the office head (辦公室主任) of our Bank from October 2005 to February 2008. Mr. Liu worked as the head of the credit management department of our Bank from January 2005 to October 2005. He worked as the president of Binjiang sub-branch (濱江支行) of our Bank from November 2002 to January 2004 and the president of Jiangyangzhonglu sub-branch (江陽中路支行) of our Bank from January 2004 to January 2005. Mr. Liu served as an acting vice president of Tongda sub-branch (通達支行) of our Bank from October 1997 to February 1998 and then its vice president from February 1998 to November 2002. Prior to joining our Bank, Mr. Liu served as a deputy office head (辦公室副主任) and the manager of the credit department of Haikou City Bo'ai Urban Credit Cooperative (海口市博愛城市信用社) from February 1993 to June 1993 and as a vice head (副主任), the manager of its treasury department and the manager of the credit department of the same Credit Cooperative from June 1993 to October 1997. Prior to that, Mr. Liu worked in the Naxi County Government of Luzhou City from August 1985 to January 1993 as a finance officer, an office clerk and a principal section staff successively.

Mr. Liu graduated from Luzhou Finance and Trade School (瀘州財貿學校) in the PRC in July 1985, majoring in finance and accounting. He passed the self-taught higher education exams of accounting at junior college level (會計專業專科自學考試) and was approved for graduation by Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC, in June 1989. Mr. Liu graduated from the Correspondence Institute of the Central Communist Party School of the CPC (中共中央黨校函授學院) in the PRC in December 2001, majoring in economic management (through correspondence study).

Mr. Liu obtained the intermediate level certificate in financial economics conferred by Ministry of Personnel of the PRC (中華人民共和國人事部) (currently known as Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)) in November 2000. He was certified as a senior international finance manager jointly by China Association of Chief Financial Officers (中國總會計師協會), International Financial Management Association (國際財務管理協會), Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and Research Center of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會研究中心) in February 2013.

Directors, Senior Management and Employees

Non-executive Director PAN Lina (潘麗娜)

Ms. PAN Lina (潘麗娜), aged 42, has been a non-executive Director since December 2019. She is mainly responsible for providing strategic advice on the corporate developments and making recommendations on major operational and managerial decisions of our Bank. Ms. Pan is also the chairperson of the development and strategy committee and a member of the audit committee of our Bank.

Ms. Pan has been working at Luzhou Laojiao Group Co., Ltd. since November 2015. Ms. Pan has served as the chairman of Luzhou Huguo Weiye Co., Ltd. (瀘州護國味業有限公司) since March 2023. Ms. Pan has been the chairman and general manager of Sichuan Yuanjingda Food Company Limited* (四川元景達食品有限公司) since October 2021. She has served as the deputy group leader and CEO office director of Luzhou East Wing project promotion group of Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司瀘州東翼項目推進組), head of “One Corridor, One Belt” working group of Luzhou Laojiao Group since August 2021. She has served as the Executive Director and general manager of Zizi Sichuan Food Co., Ltd. (滋滋川味食品有限公司), being the wholly-owned subsidiary of Luzhou Laojiao Group Co., Ltd., since April 2021. Prior to that, she served as the chairman and general manager of Sichuan Shengsheng Huguo Condiment Co., Ltd. (四川生生護國調味品有限公司) from September 2023 to September 2025. She served as the CEO of Luzhou Laojiao Group’s food industry promotion project group (瀘州老窖集團食品產業推進項目組) from April 2020 to October 2021, and the CEO of the group party of Luzhou Laojiao Co., Ltd. COSCO strategic cooperation project group (瀘州老窖集團有限責任公司中遠戰略合作項目組) from January to April 2020, and served as general manager of the party and government management center, general manager of the human resources center, assistant to president, director of the group office, and general manager of the planning and publicity center of Luzhou Laojiao Group Co., Ltd. from November 2015 to January 2020. Prior to this, Ms. Pan worked at Luzhou Liquor Concentrated Development Zone Co., Ltd.* (瀘州酒業集中發展區有限公司) (renamed Luzhou Laojiao Industrial Investment Management Co., Ltd.* (瀘州老窖實業投資管理有限公司) since January 2016) from August 2010 to January 2016, and her last position was the general manager. In addition, Ms. Pan served as the full-time deputy secretary (temporary) of the Hejiang County Party Committee for Poverty Alleviation from April 2016 to August 2018. Ms. Pan was the deputy director of the Group Office of Luzhou Laojiao Group Co., Ltd. and the deputy director of the party committee office and general manager office of Luzhou Laojiao Co., Ltd. from August 2009 to August 2010, and served as the secretary of the president of Guangzhou Textile Industry and Trade Enterprise Group from July 2006 to August 2009.

Ms. Pan received a bachelor’s degree of arts from the Department of Chinese Language and Literature of Peking University in July 2006, a bachelor’s degree of economics from the China Economic Research Center (National Institute of Economic Development) of Peking University in July 2006, and in June 2017, she obtained a master’s degree in business administration from the School of Economics and Management of the University of Electronic Science and Technology of China, majoring in senior business administration. Ms. Pan was certified as Intermediate Economist (Business Administration) by the Ministry of Human Resources and Social Security of Sichuan Province in November 2016.

Directors, Senior Management and Employees

Non-executive Director XIONG Guoming (熊國銘)

Mr. XIONG Guoming (熊國銘), aged 63, has been a non-executive Director since February 2010. He is primarily responsible for providing strategic advice on corporate developments and making recommendations on major operational and managerial decisions of our Bank. Mr. Xiong is also the chairperson of the risk management committee and a member of each of the development and strategy committee and the nomination and remuneration committee of our Bank.

Mr. Xiong has been the chairman of the Board of Directors of Sichuan Jiale Enterprise Group Co., Ltd. (四川省佳樂企業集團有限公司) and has held positions at several subsidiaries of Sichuan Jiale Enterprise Group Co., Ltd. since September 1998, including chairman of the Board of Directors of Sichuan Jiale Yijia Industrial Co., Ltd. (四川佳樂益佳實業有限公司) since August 2018, a Director of Luzhou Jiayi Industrial Co., Ltd. (瀘州佳希實業有限公司) since October 2017, the chairman of the Board of Directors of Luzhou Jiale Assets Management Co., Ltd. (瀘州市佳樂資產管理股份有限公司) since September 2017, the chairman of the Board of Directors of Hainan Wanjia Culture and Tourism Development Co., Ltd. (海南萬佳文旅發展有限公司) since May 2017, a Director of Luzhou Jiarun Industrial Development Co., Ltd. (瀘州佳潤實業發展有限公司) (formerly known as Luzhou Jiarun Real Estate Development Co., Ltd. (瀘州佳潤房地產開發有限公司)) since March 2014, the chairman of the Board of Directors of Luzhou Yijia Investment Co., Ltd. (瀘州益佳投資有限公司) since July 2012, the chairman of the Board of Directors and general manager of Luzhou Yijia Real Estate Development Co., Ltd. (瀘州益佳房地產開發有限公司) since January 2011, a Director of Chongqing Centennial Jiale Properties Co., Ltd. (重慶百年佳樂置業有限公司) since November 2004, a Director of Luzhou Nanyuan Taxi Co., Ltd. (瀘州南苑出租汽車有限公司) since January 2003 and a Director of Luzhou Nanyuan Hotel Co., Ltd. (瀘州南苑賓館有限公司) since December 2002. In addition, Mr. Xiong has also served as a Director of Luzhou Rural Commercial Bank Co., Ltd. (瀘州農村商業銀行股份有限公司) since July 2017. Before that, Mr. Xiong served as a Director of Luzhou Longmatan Rural Commercial Bank Co., Ltd. (瀘州龍馬潭農村商業銀行股份有限公司)(one of the predecessors of Luzhou Rural Commercial Bank Co., Ltd.) from October 2013 to July 2017. Mr. Xiong served as the general manager of Jiale Real Estate from September 1994 to September 1998 and the branch manager and deputy general manager of Sichuan Luxian Second Construction Company (四川省瀘縣二建司) from September 1984 to September 1994.

Mr. Xiong obtained an executive master's degree in business administration from Tsinghua University (清華大學) in Beijing, the PRC, in July 2010 and another executive master's degree in business administration from Tsinghua University in Beijing, the PRC, in January 2015. Mr. Xiong was approved as a senior engineer by Sichuan Title Reform Leading Group (四川省職改領導小組) in June 1999.

Directors, Senior Management and Employees

Non-executive Director LUO Huoming (羅火明)

Mr. LUO Huoming (羅火明), aged 49, has been a non-executive Director since March 2023. He is primarily responsible for providing strategic advice on corporate developments and making recommendations on major operational and managerial decisions of our Bank. Mr. Luo is also a member of each of the development and strategy committee and the consumer rights protection committee.

Mr. Luo has served as the chairman of Luzhou Development Holdings Group Co., Ltd. (瀘州發展控股集團有限公司) and the chairman of Luzhou Industrial Development Investment Group Co., Ltd. (瀘州產業發展投資集團有限公司) since April 2025. Prior to that, Mr. Luo served as the chairman of Lutianhua (Group) Co., Ltd. (瀘天化(集團)有限責任公司) from April 2025 to December 2025 and the general manager of Luzhou Industrial Development Investment Group Co., Ltd. from December 2021 to April 2025. He served as the general manager of Luzhou High-tech Investment Group Co., Ltd. from May 2019 to December 2021; the deputy secretary of the Party Committee of Luzhou Xinglu Water (Group) Co., Ltd. and the chairman of Luzhou Xinglu Sewage Treatment Co., Ltd. (瀘州市興瀘污水處理有限公司) from March 2016 to May 2019; the deputy director of Luzhou Economic and Information Technology Committee (瀘州市經濟和信息化委員會) from April 2015 to March 2016; the deputy general manager of Sichuan New Torch Chemical Co., Ltd. (四川新火炬化工有限責任公司) from September 2012 to April 2015. From July 2001 to September 2012, he successively served as a staff member of the government of Xinle Town, Naxi District, Luzhou, an assistant to the town mayor and the director of the party and government office of Mianhuapo Town, Naxi District, Luzhou, the deputy director of the Economic and Commercial Bureau of Naxi District, Luzhou (瀘州市納溪區經商局), the deputy director of the party committee office and director of the supervision office of Naxi District, Luzhou, the town mayor of Huguo Town, Naxi District, Luzhou, and the director of the Economic and Commercial Bureau of Naxi District, Luzhou.

Mr. Luo obtained a bachelor's degree in Food Science and Engineering from Sichuan Technological University in June 2001 and a master's degree in Economics from the Party School of Sichuan Provincial Committee of the Communist Party of China in June 2007.

Directors, Senior Management and Employees

Non-executive Director CHEN Ping (陳萍)

Ms. CHEN Ping (陳萍), aged 53, has been a non-executive Director since March 2023. She is mainly responsible for providing strategic advice on the corporate developments and making recommendations on major operational and managerial decisions of our Bank. Ms. Chen is also a member of the development and strategy committee.

Ms. Chen has been the chief financial officer of Luzhou Xinglu Investment Group Co., Ltd. since March 2018, a council member of the eighth council of Sichuan Accounting Society (四川省會計學會第八屆理事會) since July 2023, the vice president of the Women Entrepreneurs Branch of the Luzhou Entrepreneurs Association (瀘州市企業家協會女企業家分會) since January 2023, the secretary general of the Luzhou Accounting Association (瀘州市會計協會) since May 2021, a director of Luzhou Chengnan Construction Investment Co., Ltd. (瀘州市城南建設投資有限責任公司) since February 2021, and a director of Luzhou Jiangnan Construction Investment Co., Ltd. (瀘州市江南建設投資有限公司) since December 2018. Prior to that, Ms. Chen served as the chairman of Luzhou Xinglu Industrial Development Co., Ltd. (瀘州市興瀘實業發展有限公司) from October 2023 to December 2025 and its chairman and general manager from February 2022 to October 2023, the deputy manager and manager of the finance department of Luzhou Xinglu Investment Group Co., Ltd. from July 2003 to January 2019, and the chief financial officer of Luzhou Jiangyang Xinglu Hongyang Small Loan Co., Ltd.* (瀘州市江陽區興瀘鴻陽小額貸款有限公司) from April 2014 to July 2016. Ms. Chen served as a deputy manager of the finance department of Luzhou Fundamental Infrastructure Construction Investment Co., Ltd. (瀘州市基礎建設投資有限公司) from July 2001 to July 2003, a staff member of Sichuan Luzhou Investment Co., Ltd. (四川省瀘州投資公司) from April 1995 to July 2001, a staff member of Luzhou Mineral Resources Development Corporation (瀘州市礦產資源開發總公司) from May 1994 to April 1995, and a staff member of Luzhou Economic Accounting Firm (瀘州市經濟會計事務所) from October 1993 to May 1994.

Ms. Chen graduated from Southwestern University of Finance and Economics majoring in Accounting in October 1993 and obtained a bachelor's degree in Economic Management from the Correspondence College of the Party School of Sichuan Provincial Committee (四川省委黨校函授學院) in December 1998. Ms. Chen is a senior accountant and an intermediate economist.

Directors, Senior Management and Employees

Independent non-executive Director ZHONG Jin (鍾錦)

Mr. ZHONG Jin (鍾錦), aged 64, has been an independent non-executive Director since November 2020. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. Zhong is also a chairperson of the nomination and remuneration committee, a member of the related party (connected) transactions control committee and the risk management committee of our Bank.

Mr. Zhong has been approved by China CINDA Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (formerly known as China CINDA Asset Management Corporation (中國信達資產管理公司)) (a company listed on Hong Kong Stock Exchange, stock code: 01359; preference share stock code: 04607) to resign his position since July 2020. Prior to this, Mr. Zhong served as a counsel (巡視員) of China CINDA Asset Management Co., Ltd. from June 2019 to July 2020 and the chairman of China CINDA (Hong Kong) Holdings Company Limited (中國信達(香港)控股有限公司) from October 2014 to May 2019, and served as the managing director of Well Kent International Investment Company Limited (華建國際投資有限公司) (now known as China CINDA (Hong Kong) Holdings Company Limited) from March 2011 to October 2014. From February 2005 to February 2011, he served as the director (主任) of the Chengdu Office of China CINDA Asset Management Co., Ltd., and from February 2002 to February 2005, he served as the deputy director (副主任) of the Guiyang Office of China CINDA Asset Management Co., Ltd. From February 1985 to February 2002, he successively served as a loan officer (信貸員) of the Sichuan Branch of China Construction Bank Co., Ltd. (CCB), deputy division head and vice president (副科長及副行長) of the Directly-affiliated Branch (直屬支行) of the Sichuan Branch of CCB, vice president and president (副行長及行長) of the Railway Sub-branch (鐵道支行) of the Sichuan Branch of CCB, president and the general manager of International Business Department (行長兼國際業務部總經理) of the Minjiang Sub-branch (岷江支行) of Sichuan Branch of CCB, and director (處長) of Information Statistics Division (信息統計處) of the Sichuan Branch of CCB, and he also served as a teacher at East China Jiaotong University (華東交通大學) from February 1982 to February 1985.

Mr. Zhong obtained a doctoral degree in finance from Southwestern University of Finance and Economics (西南財經大學) in Chengdu, the PRC in June 2006. Mr. Zhong was certified as a senior economist by the Sichuan Branch of CCB in March 1994.

Directors, Senior Management and Employees

Independent Non-executive Director CHING Yu Lung (程如龍)

Mr. CHING Yu Lung (程如龍), aged 56, has been an independent non-executive Director since March 2023. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. Ching is also the chairperson of the audit committee, and a member of each of the related party (connected) transactions control committee and the risk management committee of the Bank.

Mr. Ching has been an independent non-executive director of Shenzhen Investment Holdings Bay Area Development Company Limited (a company listed on the Stock Exchange, stock code: 00737) since April 2018, an independent non-executive director of Hopson Development Holdings Limited (a company listed on the Stock Exchange, stock code: 00754) since July 2015, and an independent non-executive director of Ngai Hing Hong Company Limited (a company listed on the Stock Exchange, stock code: 01047) since February 2009. Prior to that, Mr. Ching was the chief financial officer of Hong Kong Shanghai Alliance Holdings Limited (a company listed on the Stock Exchange, stock code: 01001) from November 2018 to June 2023 and served as an independent non-executive director of Termbray Industries International (Holdings) Limited (a company listed on the Stock Exchange, stock code: 00093) from November 2016 to April 2022, an independent non-executive director of AMVIG Holdings Limited (澳科控股有限公司) (a company previously listed on the Stock Exchange, stock code: 02300 and currently delisted) from March 2020 to April 2021, an assistant to the chairman of Rongying Capital Management Limited (熔盈資本管理有限公司) from May 2011 to July 2016, the chief financial officer and company secretary of Glorious Property Holdings Limited (a company listed on the Stock Exchange, stock code: 00845) from February 2008 to April 2011, the vice president of finance of Hong Kong & China Gas Investment Limited from June 2007 to February 2008, the chief financial officer of Evergrande Real Estate Group Limited from December 2006 to May 2007, an executive director, the finance director and company secretary of Ngai Hing Hong Company Limited from August 2000 to December 2006, the financial controller of Liaoning Panpan Group Co., Ltd. (遼寧盼盼集團有限公司) from September 1999 to July 2000, and the manager of the audit department of Arthur Andersen from September 1992 to June 1999.

Mr. Ching obtained a bachelor's degree in Business Administration from The Chinese University of Hong Kong in December 1992 and an executive master's degree in Business Administration from the School of Economics and Management, Tsinghua University in January 2006. Mr. Ching is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants.

Directors, Senior Management and Employees

Independent Non-executive Director HAN Zirong (韓子榮)

Mr. HAN Zirong (韓子榮), aged 62, has been an independent non-executive Director since November 2024. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. Han is also the chairperson of the related party (connected) transactions control committee and the consumer rights protection committee and a member of the nomination and remuneration committee and the audit committee of the Bank.

Mr. Han has been a director and manager of Shenzhen Tonglue Management Consulting Co., Ltd. (深圳市通略管理諮詢有限公司) since July 2024, an executive director and general manager of Shenzhen Jikan Traditional Chinese Medicine Health Massage Co., Ltd. (深圳汲康中醫養生推拿有限公司) since June 2024, the general manager of Shenzhen Qianqianxingyu Technology Co., Ltd. (深圳市千千星羽科技有限公司) since May 2024, and an executive director and general manager of Shenzhen Jikan Clinic (深圳汲康診所) since April 2022. Mr. Han has been an independent director of Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) since March 2021. Prior to that, he was a business consultant of the Shenzhen Branch of BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) from June 2024 to May 2025, and a director of the seventh session of the Shenzhen Institute of Certified Public Accountants from March 2021 to January 2024. Mr. Han was an independent director of Xuzhou Rural Commercial Bank Co., Ltd. (徐州農村商業銀行股份有限公司) from June 2020 to December 2023, an external supervisor of Bank of Chengdu Co., Ltd. (成都銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601838) from January 2017 to June 2024, and a director of the sixth session of the Shenzhen Institute of Certified Public Accountants from November 2016 to November 2020, an external supervisor of China Merchants Bank Co., Ltd. (招商銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600036; and a company listed on the Stock Exchange, stock code: 3968) from June 2016 to June 2022, an independent director of Bank of Hainan Co., Ltd. (海南銀行股份有限公司) from July 2015 to March 2020, a partner of the Shenzhen Branch of BDO China Shu Lun Pan Certified Public Accountants LLP from November 2012 to June 2024, an independent director of Bank of Chengdu Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601838) from March 2011 to January 2017, a deputy general manager and the executive general manager of the Shenzhen business headquarters of WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) from October 2008 to November 2012, an independent director of Bank of Ningbo Co., Ltd. (寧波銀行股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002142) from January 2005 to December 2010, a managing partner of Shenzhen Rongxin Certified Public Accountants (Special General Partnership) (深圳融信會計師事務所(特殊普通合夥)) from September 1997 to October 2008, an assistant to director of Shenzhen Audit Firm (深圳市審計師事務所) from October 1992 to September 1997, and from July 1985 to October 1992, he worked in the credit department of Changchun Branch of Industrial and Commercial Bank of China Limited (a company listed on the Shanghai Stock Exchange, stock code: 601398; and a company listed on the Stock Exchange, stock code: 1398).

Mr. Han obtained a bachelor's degree in Commercial Economics from Jilin University of Finance and Economics in July 1985. Mr. Han is a practicing member of the Chinese Institute of Certified Public Accountants.

Directors, Senior Management and Employees

Independent Non-executive Director FAN Jingdong (范静东)

Mr. FAN Jingdong (范静东), aged 56, has been an independent non-executive Director since April 2025. He is primarily responsible for supervising and providing independent advice on the operation and management of our Bank. Mr. FAN is also a member of the consumer rights protection committee of the Bank.

Mr. FAN has been the vice chairman of Chengdu Hi-tech General Branch of the China Association for Promoting Democracy since November 2019. Prior to that, Mr. FAN successively served as the head of the preparatory team for Chengdu Branch, the president of Chengdu Branch and the joint general manager of western corporate financial department of Australia and New Zealand Bank (China) Company Limited from October 2013 to May 2024, during which he concurrently served as the chairman of Chongqing Liangping ANZ Rural Bank Company Limited from June 2017 to April 2024; he rotated to Chongqing Branch of Australia and New Zealand Bank (China) Company Limited as the acting president from July 2017 to October 2017. He successively served as the head of the preparatory team for Chengdu Branch and the president of Chengdu Branch of ABN AMRO Bank (China) Limited (renamed as The Royal Bank of Scotland (China) Co., Ltd. since July 2010) from April 2006 to June 2013; he served as the general manager of Chengdu United Water Environmental Engineering Co., Ltd. from July 2003 to April 2006; he successively served as the customer manager of the documentation department of Shenzhen Branch, the chief representative of Nanning Representative Office and the chief representative of Chengdu Representative Office of Standard Chartered Bank from April 1992 to July 2003.

Mr. FAN graduated from Changchun Normal College (now known as Changchun Normal University) majoring in English in July 1991.

Directors, Senior Management and Employees

2. Members of Senior Management

Mr. WANG Chong (王冲), aged 40, obtained a master's degree in business administration from University of Electronic Science and Technology of China, majoring in Business Administration.

Mr. WANG has been a vice president of the Bank since March 2026. Mr. Wang joined the Bank in December 2016 and served as the general manager of the business development department of Chengdu research and development center of the Bank from December 2016 to January 2017. He served as the general manager of the business development department of Chengdu Branch of the Bank from January 2017 to July 2017. He served as the general manager of the business department X of Chengdu Branch of the Bank from July 2017 to December 2017 and served as the general manager of the credit development department of the joint innovation center of the Bank from December 2017 to April 2018. He served as the general manager of the key customers management department of the Bank from April 2018 to January 2020, and from January 2020 to August 2021, he served as the vice president of the key customers business department of the Bank. Since August 2021, he has been working at Chengdu Branch of the Bank, and from February 2022 to October 2023, he served as the vice president of Chengdu Branch. He performed the duties of the president of Chengdu Branch from October 2023 to March 2024 and was appointed as the president of Chengdu Branch (municipal-level leadership) since March 2024, and he concurrently served as the president of the key customers business department from July 2025 to March 2026. Prior to joining the Bank, Mr. Wang worked at China Construction Bank Corporation. He worked at Guancheng Square Office of Chengdu Tiedao Subbranch from July 2007 to January 2008. He worked at Shawan Sub-branch of Chengdu Tiedao Subbranch from January 2008 to July 2008, and from July 2008 to August 2014, he worked at Chengdu Shuangjian Road Sub-branch. He then served as the vice president of Chengdu Shuangjian Road Subbranch from August 2014 to December 2016 and as the corporate and institutional business customers manager from December 2015 to December 2016.

Ms. YUAN Shihong (袁世泓), aged 55, graduated from the Correspondence Institute of the Party School of Sichuan Provincial Committee of the CPC (中國共產黨四川省委員會黨校函授學院) as an undergraduate, majoring in law (through correspondence study). She is a political engineer.

Ms. Yuan has been a vice president of the Bank since July 2022. Ms. Yuan joined the Bank in November 2015. She served as a supervisor and chairperson of the Board of Supervisors of the Bank from January 2016 to January 2022, a member of the Party Committee of the Bank from January 2022 to July 2022. Prior to that, Ms. Yuan worked as a member of the standing committee and the minister of the Organization Department of the Luxian CPC Committee (中國共產黨瀘縣縣委) from July 2015 to November 2015. From November 2004 to July 2015, Ms. Yuan worked at the Organization Department of the Luzhou CPC Committee (中國共產黨瀘州市委組織部) and served as a senior staff member (副主任科員) from March 2005 to June 2005, a senior staff member (副主任科員) of the second division of cadre (幹部二處) from June 2005 to February 2006, a deputy division director (副處長) of the second division of cadre (幹部二處) from February 2006 to May 2010, a principal staff member (主任科員) of the second division of cadre (幹部二處) from October 2007 to May 2010, a deputy division director (副處長), a principal staff member (主任科員), and then the division director (處長) of the third division of cadre (幹部三處) from May 2010 to June 2014, and a member of the ministry and commission (部務委員) and the section chief (科長) of the third chief of cadre (幹部三科) from June 2014 to July 2015. Prior to that, Ms. Yuan worked as the section chief (科長) of the organization division (組織科) and then a senior staff member (副主任科員) of the Organization Department of the Luzhou Naxi District CPC Committee (中國共產黨瀘州市納溪區委組織部) from July 2002 to November 2004, and a staff member (科員) and then the head of office (辦公室主任) of Sichuan Luzhou Naxi District Labor Bureau (四川省瀘州市納溪區勞動局) from September 1992 to July 2002.

Directors, Senior Management and Employees

Mr. WU Ji (吳極), aged 52, obtained an on-job postgraduate from the Correspondence Institute of the Party School of Sichuan CPC Committee (中國共產黨四川省委員會黨校函授學院), majoring in economics.

Mr. Wu has been a vice president of our Bank since August 2020. Mr. Wu joined our Bank in April 2016 and served as a party organization member and the secretary of the branch of the CPC General Committee of the Bank from April 2016 to December 2016, a member of the Interim CPC Committee and the secretary of the branch of the CPC General Committee of the Bank from January 2017 to September 2017, a member of the CPC Committee and the secretary of the Discipline Inspection Committee of the Bank from September 2017 to August 2020, during which period he served as the chairman of Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行) since July 2018. Prior to joining our Bank, Mr. Wu worked at the City Reception Office of the Luzhou Municipal Government Office Administration and served as a deputy director-general (副局長) from August 2015 to April 2016. From December 2010 to August 2015, Mr. Wu worked at Gulin County government and served as a Standing Committee Member of the Gulin County CPC Committee (中共古蔺縣委) and a deputy mayor of the county government (responsible for executive work of the county government) from July 2013 to August 2015, a Standing Committee Member of the Gulin County CPC Committee (中共古蔺縣委), the department head (部長) of the Organization Department, a deputy director of the County Editorial Committee (縣編委會), the secretary of the Work Committee of the Department under the CPC Committee of the county (縣直機關工委) and the headmaster of the county's Party School of the CPC Committee from December 2010 to July 2013. From July 1997 to December 2010, he worked at the Organization Department of the Luzhou CPC Committee (中共瀘州市委組織部) and held various positions. Mr. Wu served as a member of the ministry and commission (部委委員) of the Organization Department of the Luzhou CPC Committee (中共瀘州市委組織部) and the division director (處長) of the second division of cadre (幹部二處) from February 2008 to December 2010. He worked as the division director of the second division of cadre of the Organization Department of the Luzhou CPC Committee from February 2007 to February 2008 and the division director of the cadre supervision division (幹部監督處) of the Organization Department of the Luzhou CPC Committee from January 2005 to February 2007. From November 2003 to January 2005, he acted as a senior staff member and a principal staff member (副主任、主任科員) of the office of Organization Department of the Luzhou CPC Committee. He served as the deputy division director (副處長) of the organization division of Organization Department of the Luzhou CPC Committee from September 2001 to November 2003, during which period he served as the deputy department head (副部長) of the Organization Department of the Hejiang County CPC Committee (合江縣委) from April 2002 to April 2003 and worked as the principal staff member since December 2002. Mr. Wu worked at the organization division of the Organization Department of the Luzhou CPC Committee from August 1998 to September 2001, during which period he acted as a senior staff member since August 1999. Prior to that, Mr. Wu served as a staff member and clerk of the office of the Organization Department of the Luzhou CPC Committee from January 1998 to August 1998 and from July 1997 to January 1998, separately. He served as the assistant to the mayor of Luobu Township, Xuyong County (deputy section level) from July 1995 to July 1997.

Directors, Senior Management and Employees

Mr. HAN Gang (韓剛), aged 43, graduated from Southwestern University of Finance and Economics (西南財經大學) with a master's degree in economics, majoring in finance.

Mr. Han has served as a vice president and chief information officer of the Bank since March 2023. Mr. Han joined the Bank in March 2016. He served as the general manager of the system development department of the Bank from March 2016 to May 2016, and as the general manager of the system development department and the head of the joint innovation center of the Bank from May 2016 to November 2017. Mr. Han has served as the chief planner of the Bank from November 2017 to May 2023 and the head of the IT innovation center of the Bank from December 2017 to April 2022. Prior to joining the Bank, he worked at Shanghai Branch of IBM (China) Investment Co., Ltd. from July 2011 to March 2016, Camelot Information Technology Co., Ltd. (柯萊特信息技術有限公司) from November 2010 to July 2011, Shanghai Branch of IBM Solution & Services (Shenzhen) Co., Ltd. from November 2009 to November 2010, Shanghai Branch of Ping An Technology (Shenzhen) Co., Ltd. from July 2006 to November 2009.

Mr. MING Yang (明洋), aged 52. He obtained a PhD in economics from Southwestern University of Finance and Economics (西南財經大學), majoring in agricultural economics, and is an intermediate economist.

Mr. Ming has served as a vice president and secretary to the Board, joint company secretary of the Bank since March 2023. Mr. Ming joined the Bank in May 2019. Mr. Ming worked at the Chengdu Branch of the Bank from May 2019 to August 2019, and served as the president (performing the duties on behalf of the president) of the Chengdu Branch of the Bank from August 2019 to September 2019, and served as the president of the Chengdu Branch of the Bank from September 2019 to October 2023. Prior to joining the Bank, he worked at the China Banking and Insurance Regulatory Commission Meishan Office, and served as the deputy secretary to the CPC Committee and deputy director-general (presiding over work) from August 2016 to December 2016, the secretary to the CPC Committee and director-general from December 2016 to December 2018 and then the interim principal from December 2018 to May 2019. Prior to that, he worked at the China Banking Regulatory Commission (the "CBRC") Sichuan Office, and served as a senior staff member of the Division of Supervision and Regulation of Cooperative Financial Institutions (合作金融機構監督管理處) from October 2003 to July 2005, a principal staff member of the Division of Supervision and Regulation of Cooperative Financial Institutions from July 2005 to October 2008, and the section chief of the First Division (一科) of the Division of Supervision and Regulation of Cooperative Financial Institutions from October 2008 to January 2009. He served as the section chief of the First Division of the Seven Ministry (七處) of the Onsite Inspection Department from January 2009 to March 2012 (from October 2011 to November 2011, he was seconded to the CBRC to participate in the exchange training of market access work of the Cooperation Department (合作部)), and then he served as the section chief of the General Section of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions from March 2012 to May 2012, the deputy division director and the section chief of the General Department of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions from May 2012 to June 2012, and the deputy division chief of the First Division of Supervision and Regulation of Small and Medium Rural Financial Institutions from June 2012 to August 2016. Mr. Ming served as a cadre (in probation period) of the Division of Supervision and Regulation of Cooperative Financial Institutions of the Business Management Department of Chengdu Branch of the PBOC from July 1999 to August 2000, and a senior staff member of the Division of Supervision and Regulation of Cooperative Financial Institutions of the Business Management Department of Chengdu Branch of PBOC from August 2000 to October 2003 (from July 2001 to July 2003, he worked in the Monetary and Credit Statistics Division and the Division of Supervision and Regulation of Cooperative Finance of Ganzi Central Sub Branch of PBOC).

Directors, Senior Management and Employees

Mr. HU Jia (胡嘉), aged 46, obtained a master's degree in business administration from Southwestern University of Finance and Economics (西南財經大學).

Mr. Hu has been a vice president of the Bank since March 2023. Mr. Hu joined the Bank in November 2015 and worked in the Chengdu research and development center of the Bank from November 2015 to March 2017. He served as a vice president of the Chengdu Branch (成都分行) of the Bank from March 2017 to August 2018. Mr. Hu has been the assistant to the president of the Bank from August 2018 to March 2023. During this period, he also served as the president of the key customers business department (重要客戶事業部) of the Bank from January 2020 to April 2022. Prior to joining the Bank, he worked at the Chengdu Guancheng Square sub-branch (成都冠城廣場支行) of China Construction Bank Corporation as a client manager from March 2008 to September 2009, as a vice president from September 2009 to September 2012 and then as the president from September 2012 to November 2015. He worked as a client manager at the Chengdu Shawan office (成都沙灣分理處) of China Construction Bank Corporation from April 2007 to August 2007. He served as a client manager of the corporate business department III (公司業務三部) at the Chengdu Tiedao sub-branch (成都鐵道支行) of China Construction Bank Corporation from February 2007 to April 2007 and then from August 2007 to March 2008 respectively. Prior to that, he served as a client manager of the corporate business department III at the Mianyang Branch (綿陽分行) of China Construction Bank Corporation from February 2005 to January 2007. He served as a savings officer at the Mianyang Branch Linyuan office (綿陽市分行臨園分理處) of China Construction Bank Corporation from September 2001 to October 2001 and worked at the IT department of the Mianyang Branch (綿陽市分行信息技術部) of China Construction Bank Corporation from October 2001 to February 2005.

Mr. YANG Bing (楊冰), aged 50, obtained a bachelor's degree in economics from Southwestern University of Finance and Economics (西南財經大學), and is an interbank lending market trader.

Mr. Yang has been a vice president of our Bank since April 2016. He joined our Bank in April 2016. Prior to joining our Bank, Mr. Yang operated his own business. Mr. Yang worked at Nanchong City Commercial Bank Co., Ltd. (南充市商業銀行股份有限公司) (currently known as Sichuan Tianfu Bank Co., Ltd. (四川天府銀行股份有限公司)) as the general manager of the marketing department from December 2001 to June 2009 and the assistant to president from July 2009 to April 2013. Mr. Yang worked at Yilong County sub-branch of PBOC (中國人民銀行儀隴縣支行) from August 1999 to November 2001.

Mr. AI Yong (艾勇), aged 53, obtained a part-time postgraduate degree from Sichuan Academy of Knowledge Economy and Management (四川知識經濟管理科學院), majoring in business administration. He is an accountant and senior international finance manager.

Mr. Ai has been the assistant to president of our Bank since December 2012. Mr. Ai joined our Bank in September 1997 and successively acted as a deputy director (副主任) (presiding over work) of the business department from September 1997 to April 1999, the deputy division chief of the supervision and audit division (監察稽核處) from April 1999 to July 1999, a deputy director (副主任) of the clearing center from July 1999 to January 2000, the deputy division chief of the finance and accounting division (財務會計處) from January 2000 to May 2002, the person in charge and the division chief of the assets preservation division (資產保全處) from May 2002 to January 2004, the president of Zhongshan sub-branch (忠山支行) from January 2004 to January 2005, the president of Jiangyang sub-branch (江陽支行) from January 2005 to October 2010, the head of the business department from October 2010 to November 2011, and the general manager of the products management department from November 2011 to January 2013. Mr. Ai also worked as the general manager of the small and micro customers department of our Bank from February 2013 to January 2015. Prior to that, Mr. Ai served as a deputy head of the business department of Luzhou Zhongshan Urban Credit Cooperative (瀘州市忠山城市信用社) (one of the predecessors of our Bank) from January 1996 to September 1997. Mr. Ai served as an accounting staff at No. 3 engineering division of China No. 5 Metallurgy Construction No. 3 Engineering Company (中國第五冶金建設第三工程公司) from July 1992 to December 1995.

Directors, Senior Management and Employees

Ms. LI Yan (李燕), aged 44, graduated from Southwest Jiaotong University as an undergraduate, majoring in accounting (through correspondence study). She is an international certified internal auditor and an intermediate economist.

Ms. Li has been the general manager of the internal audit department of the Bank since November 2022. Ms. Li joined the Bank in August 2000, and from August 2000 to February 2008, she worked in our Bank and served as the vice president of Jiangyang sub-branch (江陽支行) of the Bank from February 2008 to March 2012, during which Ms. Li was transferred to the business department in October 2010 and concurrently served as the head of the business department from November 2011 to March 2012. Ms. Li served as the director of the business department and vice president of Jiangyang sub-branch from March 2012 to August 2012, the deputy director of the business department and the designated head of the business office under the business department from August 2012 to February 2013; Ms. Li worked at Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行) from February 2013 to September 2013 and served as a vice president of Luxian Yuantong Rural Bank Co., Ltd. from September 2013 to November 2014, a vice president of Luxian Yuantong Rural Bank Co., Ltd. (performing the duties of the president on his behalf) from November 2014 to January 2015, the president of Luxian Yuantong Rural Bank Co., Ltd. from January 2015 to November 2017, a vice general manager of the San Nong business department (三農事業部) of the Bank from November 2017 to June 2018, the general manager of the San Nong business department of the Bank from June 2018 to December 2018, the head of the office of the Board of Supervisors of the Bank from December 2018 to July 2021, and the designated head of the internal audit department of the Bank from July 2021 to November 2022.

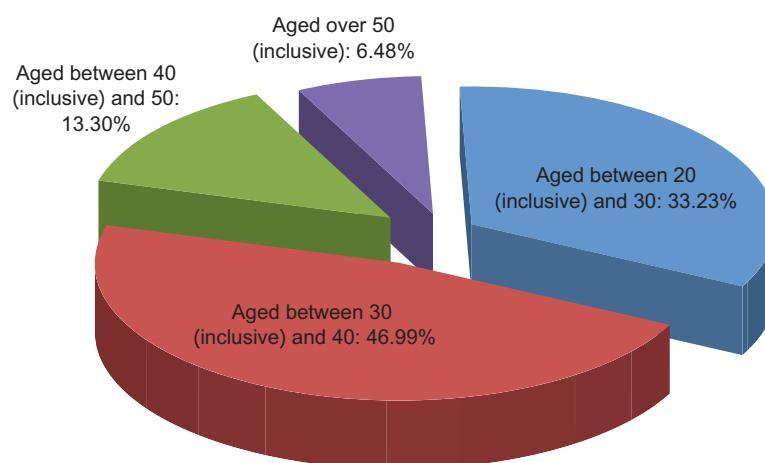
Ms. WANG Lan (王蘭), aged 50, graduated from Southwest China Normal University (西南師範大學) as an undergraduate, majoring in computer science and technology (through correspondence study). She is an international certified public accountant and a senior international finance manager.

Ms. Wang has been the general manager of accounting and finance department of the Bank since November 2022. Ms. Wang joined the Bank in August 2002, and served as the principal accountant (主辦會計) of Jiangyangzhonglu sub-branch (江陽中路支行) from August 2002 to March 2004, the principal accountant (主辦會計) of the business department from March 2004 to March 2008, the head of the tutoring section of the operation management department (運行管理部輔導科) from March 2008 to November 2011, the vice president of Xiaoshi sub-branch (小市支行) from November 2011 to February 2014, the deputy general manager of the innovation business department from February 2014 to January 2015, the deputy general manager of the system development and electronic banking department from January 2015 to June 2015, the deputy director of the business department of the Bank from June 2015 to June 2018, and the deputy general manager (presiding over work) of the accounting and finance department from June 2018 to June 2019. She has been the designated head of the accounting and finance department from June 2019 to November 2022. Prior to joining the Bank, Ms. Wang served as a savings agent of the Xuyong County sub-branch of Industrial and Commercial Bank of China (中國工商銀行敘永縣支行) from June 1995 to August 2000 and a teller of the Yinghui Road savings office of the Luzhou Branch of Industrial and Commercial Bank of China (中國工商銀行瀘州市分行迎暉路儲蓄所) from August 2000 to July 2002.

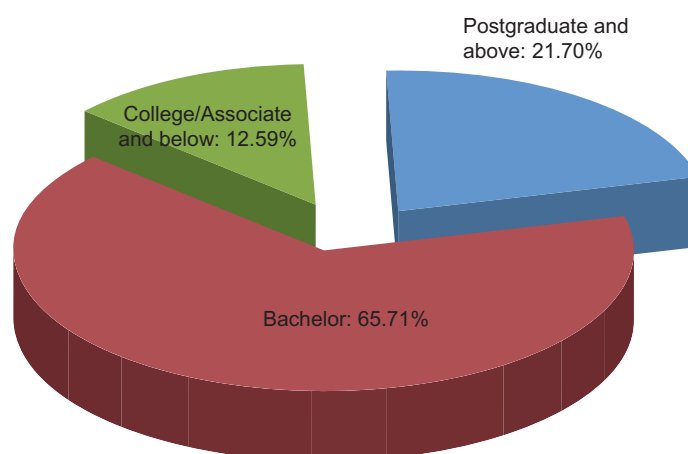
Directors, Senior Management and Employees

IV. DETAILS OF EMPLOYEES

As at the end of the Reporting Period, the Group had 1,977 employees (including personnel of Luxian Yuantong Rural Bank Co., Ltd. (瀘縣元通村鎮銀行) and dispatched personnel) in total, with an average age of 34.08. Of them, 657 employees aged between 20 (inclusive) and 30, accounting for 33.23%; 929 employees aged between 30 (inclusive) and 40, accounting for 46.99%; 263 employees aged between 40 (inclusive) and 50, accounting for 13.30%; and 128 employees aged over 50 (inclusive), accounting for 6.48%.



By educational background, the Bank had 429 employees with postgraduate degrees and above (including 3 doctoral candidates), accounting for 21.70%; 1,299 employees with bachelor's degrees, accounting for 65.71%; 249 employees with college/associate degrees and below, accounting for 12.59%.



Directors, Senior Management and Employees

By gender, the Bank had 896 male employees (including senior management), accounting for 45.32%, and 1,081 female employees (including senior management), accounting for 54.68%. The Group strictly abides by laws and regulations in terms of personnel recruitment, contract signing, job promotion, salary and treatment and other aspects, protects the legitimate rights and interests of employees in accordance with the law, and the relevant work processes are fair, just and open, and there is no gender discrimination to ensure gender diversity at employees' level. The Group believes that the gender ratio of current employees (including senior management) is relatively balanced, and will continue to maintain a reasonable level of gender diversity at the level of employees (including senior management).

Proportion of sci-tech talents:

There is a total of 186 sci-tech talents, accounting for 9.41% of the Group.

V. TRAINING FOR EMPLOYEES

The training for employees is carried out in accordance with the actual situations of development strategic objectives and employees' ability and quality. The Bank continuously expands the training platform throughout the year, enriches training resources, optimizes the training programs, improves the talent training mechanism, adopts the organization form of "online and offline, internal and external training, business and management, daily and special, the complementarity between the head office and branches", and continues to promote training programs such as induction training for new employees, leadership training for middle management, international and domestic high-end financial qualified certification training, academic upgrading training, and optimizes and upgrades comprehensively training for young reserve cadres to lay the foundation for the continuous training of high quality financial talents. For the year, the total number of various internal and external training activities reached about 490 and the number of participants reached around 30,000.

Corporate Governance Report

I. ORGANIZATIONAL STRUCTURE FOR CORPORATE GOVERNANCE



Corporate Governance Report

Corporate Governance Structure

Our Bank has established a corporate governance structure which comprises the Shareholders' general meeting, the Board of Directors and the senior management.

Shareholders' general meeting

Shareholders' general meeting is the organ of authority of our Bank. Its principal responsibilities include:

- determining the operation strategies and investment plans of the Bank;
- electing and replacing non-employee representative Directors and determining the remuneration of Directors;
- reviewing and approving the reports of the Board of Directors;
- reviewing and approving the annual report, annual financial budget plans and final accounting plans of our Bank;
- reviewing and approving the profit distribution plans and loss recovery plans of our Bank;
- determining the increase or decrease in the registered capital of the Bank;
- determining the issuance of bonds or other securities or the listing of the Bank;
- determining the merger, spin-offs, dissolution and liquidation or change of corporate form of the Bank;
- amending the Articles of Association;
- reviewing and approving the audit committee's evaluation on Directors, the mutual evaluation reports of independent Directors;
- reviewing and approving the plans on equity incentive scheme;
- reviewing and approving the proposals by Shareholders individually or in aggregate holding 1% or more of the Shares of our Bank;
- reviewing and approving the rules of procedures of each of the Shareholders' general meeting and the Board of Directors;
- reviewing and approving the Bank's equity investment business;

Corporate Governance Report

- reviewing and approving the purchase or sale of major assets or guarantees by the Bank within the upcoming year;
- reviewing and approving the Bank's guarantee businesses, such as external guarantee and letter of guarantee;
- reviewing and approving the Bank's fixed asset purchase business;
- reviewing and approving the non-performing asset disposal and write-off of the Bank;
- reviewing and approving the Bank's pledge of assets;
- reviewing and approving the persons who should be recommended by our Bank and other matters (excluding equity investment) of controlled or invested companies of the Bank;
- reviewing and approving the change of the use of raised proceeds;
- resolving on the appointment or dismissal of accounting firms of the Bank that conduct regular statutory audit on the Bank's financial reports;
- reviewing and approving the purchase of the Bank's shares by the Bank;
- reviewing other matters which should be submitted to the Shareholders' general meeting for consideration in accordance with relevant laws, administrative regulations and other rules, the Hong Kong Listing Rules, the requirements of securities regulatory authorities where the securities of our Bank are listed, the Articles of Association and other internal requirements.

Board of Directors

The Board of Directors is accountable to the Shareholders' general meeting. Its principal responsibilities include:

- convening the Shareholders' general meeting and reporting to the Shareholders' general meeting;
- implementing the resolutions of the Shareholders' general meeting;
- determining our Bank's operation plans, investment program, and formulating our Bank's business development strategies and supervising the implementation of the strategies;
- formulating the annual financial budget plans, final accounting plans, risk capital allocation plans, profit distribution plans and loss recovery plans of our Bank;
- formulating the plans for increase or decrease in registered capital, issuance of bonds or other securities and listing of the Bank;
- formulating the plans for major acquisition, acquisition of our Bank's shares or merger, spin-offs, dissolution and change of corporate form of our Bank;

Corporate Governance Report

- determining major matters of our Bank in respect of the daily operation, external investment, acquisition, sale and swap of assets, external guarantee, pledge of assets, entrusted wealth management, financial leasing, related party transactions and disposal and write-offs of assets within the authorization of the Shareholders' general meeting;
- appointing or dismissing the president, vice presidents, secretary to the Board of Directors and other senior managers of our Bank upon nomination by the Chairman and in accordance with regulatory requirements; and determining the senior managers' remuneration, reward and punishment;
- formulating basic management system of our Bank and deciding on the rights of the senior management on the formulation of business procedures and other specific rules;
- formulating proposals for any amendment to the Articles of Association, formulating the rules of procedures for Shareholders' general meetings and rules of procedures for board meetings, and submitting the same to the Shareholders' general meeting for consideration and approval; and considering and approving the rules of procedures for the special committees under the Board of Directors;
- being responsible for the information disclosure of our Bank and undertaking the ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the Bank's accounting and financial reports;
- formulating a standard scheme for the remuneration and allowances of the Directors of our Bank;
- listening to the report of the president of our Bank and supervising the president's work;
- determining the risk tolerance level, risk management and internal control policies of our Bank, and assuming the ultimate responsibility for the overall risk management;
- supervising the work performance of the Bank's senior management and deliberating senior management's evaluation on the Bank's president, vice president, chief financial officer and other senior managers and the reports of evaluation by the Bank's senior managers on each other; and organizing the evaluation on Directors and evaluation by independent Directors on each other and reporting relevant evaluation results to the audit committee;
- periodically evaluating and improving the corporate governance of the Bank;
- applying to the People's Court for bankruptcy on behalf of our Bank within the authorization of the Shareholders' general meeting;
- deciding on the plans for establishment of internal management structure of the Bank and establishment, merger, and closure of branches of the Bank;

Corporate Governance Report

- establishing an identification, investigation and management mechanism for the conflict of interest between the Bank and Shareholders, especially substantial Shareholders, and assuming the management responsibility for Shareholders' affairs;
- undertaking the ultimate responsibility for information technology risks and examination and approval of mid-and-long term information technology strategies, and regularly reviewing the Bank's reports on information technology construction and risk management;
- having the right to determine the business investment and pricing between the Bank and other financial institutions, including bond investment, entrusted wealth management, purchase of wealth management products, purchase of designated (specialized) asset management plans, trust plans, beneficiary certificates issued by securities companies, right to yields on claims of margin trading and short selling, securities investment funds and other business investment and pricing;
- being in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Bank's implementation of green credit development strategies;
- assuming the ultimate responsibility for the protection of consumer rights of the Bank, safeguarding the legitimate rights of financial consumers and other stakeholders, regularly listening to the reports on the progress of the protection of consumer rights;
- formulating the capital planning of the Bank, assuming ultimate responsibility for capital or solvency management;
- proposing to the Shareholders' general meeting of the engagement or dismissal of the accounting firm that conducts regular and statutory audit on the financial reports of the Bank;
- formulating the Bank's data strategy, approving or authorizing the approval on major issues in relation to data governance, urging senior management to improve the effectiveness of data governance, and assuming ultimate responsibility for data governance;
- being responsible for the Bank's anti-money laundering and counter terrorist financing policies, supervising the implementation of anti-money laundering and counter terrorist financing policies, and assuming ultimate responsibility for the Bank's anti-money laundering and counter terrorist financing work;
- exercising other functions and powers that shall be exercised by the Board according to the laws, regulations, Hong Kong Listing Rules and the Articles of Association;
- The Board of Directors shall obtain approval from a majority of all members of the audit committee before resolving on the following matters:
 - (I) appointment or dismissal of the accounting firm engaged to conduct the Bank's audit services;
 - (II) appointment or dismissal of the chief financial officer;
 - (III) disclosure of financial accounting reports;
 - (IV) other matters as stipulated by the securities regulatory authority of the State Council.

Corporate Governance Report

The Board of Directors shall also be responsible for performing the duties of corporate governance function as set out below:

- developing and reviewing the Bank's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Bank's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- reviewing the Bank's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report;
- establishing and reviewing the alignment of the Bank's corporate culture with the Company's goals and values;
- establishing policies from which the Board can obtain independent views, reviewing annually the implementation and effectiveness of the policies and disclosing them in the Corporate Governance Report;
- reviewing the implementation and effectiveness of the Board's diversity policy.

The Board of Directors has established six special committees, including audit committee, development and strategy committee, nomination and remuneration committee, related party (connected) transactions control committee, risk management committee and consumer rights protection committee.

Senior Management

The senior management is responsible for the daily operation of the Bank. The president is accountable to the Board of Directors and could organize and conduct the business management of the Bank within the authorization of the Board of Directors and in accordance with laws, administrative regulations and other rules and the Articles of Association. As of the Latest Practicable Date, our Bank has appointed seven vice presidents and other senior management to assist the president of the Bank and perform their respective management responsibilities.

Corporate Governance Report

II. OVERVIEW OF CORPORATE GOVERNANCE

During the Reporting Period, our Bank continued to improve the transparency of its corporate governance to protect the shareholders' interests and enhance the corporate value.

The Bank has established a modern corporate governance structure according to the Articles of Association, PRC laws and regulations and Hong Kong Listing Rules. Accountable to Shareholders' general meeting as a whole and responsible for (among others) deciding on the Bank's business development strategies, business plans and investment plans, appointment or dismissal of senior management, establishment of internal management organizations and other matters, the Board has established special committees to perform certain functions, including audit committee, development and strategy committee, nomination and remuneration committee, related party (connected) transactions control committee, risk management committee and consumer rights protection committee. The audit committee, has the responsibility and authority to supervise the Directors and senior management and inspect the Bank's financial activities, risk management and internal control.

Our Bank has established a relatively sound corporate governance structure in accordance with the Listing Rules. The composition of the Board is in compliance with the Listing Rules. The Bank clearly splits the responsibilities of the Shareholders' general meeting, the Board of Directors and the senior management. Shareholders' general meeting is the highest authority of our Bank. The Board of Directors is accountable to the Shareholders' general meeting. Our Board has established six special committees which operate under the leadership of the Board and make recommendations on the Board's decisions. Our audit committee supervises the stable and sound operation of our Bank and the performance of duties by our Board of Directors and senior management. Under the leadership of the Board, our senior management is responsible for implementation of board resolutions and the daily operation and management of the Bank, and reports to the Board of Directors on a regular basis. The President of our Bank shall be appointed by the Board and is responsible for the daily overall operation of our Bank.

We have adopted the principles and code provisions set out in Part 2 of the Corporate Governance Code (the "Code") set out in Appendix C1 to the Listing Rules as the basis of corporate governance of the Bank. We have reached the requirements of the administrative measures and corporate governance for domestic commercial banks, and have established a good corporate governance system. We have strictly complied with the principles and Code provisions as well as some of the recommended best practices set out in the Code during the Reporting Period. We are committed to maintaining a high standard of corporate governance. On November 26, 2025, Mr. GAO Jinkang applied to resign from the positions of independent non-executive Director and the chairperson of the related party (connected) transactions control committee, a member of the nomination and remuneration committee and a member of the audit committee of the Board due to personal work adjustment. For details, please refer to the Bank's announcement dated November 26, 2025. Following the resignation of Mr. GAO Jinkang, the Bank did not comply with the requirements under Rules 3.21 of the Listing Rules regarding the composition of the audit committee for a period from November 26, 2025 to March 15, 2026. On March 16, 2026, Mr. HAN Zirong, an independent non-executive Director, was appointed to a member of the audit committee. The audit committee of the Bank comprises three Directors (two of whom are independent non-executive Directors), with its chairperson being an independent non-executive Director. Since then, the Bank has complied with the relevant requirements of Rule 3.21 of the Listing Rules in relation to the audit committee. The Bank has temporarily not complied with

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the relevant requirements under Rules 3.25 and 3.27A of the Listing Rules regarding the composition of the nomination committee and remuneration committee since November 26, 2025. On November 26, 2025, Mr. QIU Wei, an independent non-executive Director, was appointed as a member of the nomination and remuneration committee. His appointment shall take effect upon the approval by the Sichuan Bureau of the National Financial Regulatory Administration in respect of his qualification as an independent non-executive Director. The nomination and remuneration committee of the Bank would comprise five Directors (three of whom are independent non-executive Directors), with its chairperson being an independent non-executive Director. Since then, the Bank will comply with the relevant requirements under Rules 3.25 and 3.27A of the Listing Rules in respect of the nomination committee and remuneration committee.

According to code provision B.2.2, each Director (including those with a specified term) shall retire by rotation at least once every three years. The three-year term of office of the Bank's eighth session of the Board of Directors expired in September 2025. In view of the preparations for the re-election of the Board of Directors and to ensure continuity in the Bank's affairs, the term of office of the eighth session of the Board of Directors will be extended till the date on which the new session of the Board of Directors is approved at the shareholders' general meeting and the staff representatives' meeting in accordance with the Articles of Association and formally assumes office.

Our Bank will continue to enhance its corporate governance to ensure compliance with the Code and meeting expectations of shareholders and potential investors.

III. SHAREHOLDERS' GENERAL MEETING

During the Reporting Period, the Bank convened two Shareholders' general meetings in total, with relevant details set out as follows:

(1) 2024 Annual General Meeting

On June 30, 2025, the Bank held the 2024 annual general meeting. At the Bank's 2024 annual general meeting, 14 resolutions were considered and approved: the 2024 annual report of the Bank, the 2024 work report of the Board of Directors of the Bank, the 2024 work report of the board of supervisors of the Bank, the 2024 evaluation report on the performance of duties by the directors, supervisors, senior management of the Bank, the final financial accounts of the Bank for 2024, the 2024 profit distribution plan of the Bank, the report on related party transactions of the Bank for 2024, the 2025 financial budget plan of the Bank, the resolution on the engagement of the Bank's domestic and foreign auditors and the authorization to the Board to determine their remuneration for 2025, the 2025 fixed assets investment plan of the Bank, the resolution on the Proposed Amendment to the Articles of Association of the Bank, the resolution on the Proposed Amendment to the Rules of Procedure of the General Meeting of Shareholders of the Bank, the resolution on the Proposed Amendment to the Rules of Procedure of the Board of Directors of the Bank and the resolution on the Proposed Revocation of the Board of Supervisors of the Bank.

(2) 2025 First Extraordinary General Meeting

On December 17, 2025, the Bank held the 2025 first extraordinary general meeting. At the Bank's 2025 first extraordinary general meeting, 3 resolutions were considered and approved: the resolution on the election of Ms. WANG Jie as a non-executive Director of the eighth session of the Board and the approval of her remuneration, the resolution on the election of Mr. QIU Wei as an independent non-executive Director of the eighth session of the Board and the approval of his remuneration, and the resolution on the authorization of the Board to determine the asset restructuring plan for a credit customer and any possible waiver or relief matters in relation thereto.

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IV. BOARD

(I) Implementation of Resolutions Passed at the Shareholders' General Meeting by the Board

In 2025, the Board strictly implemented the resolutions passed at the Shareholders' general meeting of the Bank and earnestly executed various proposals considered and approved at the Shareholders' general meeting.

(II) Board Composition

As at the end of the Reporting Period, our Board of Directors consists of 10 Directors, including two executive Directors, namely, Mr. YOU Jiang, the chairman of the Board of Directors and Mr. LIU Shirong, the president; four non-executive Directors, namely, Ms. PAN Lina, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping; and four independent non-executive Directors, namely, Mr. ZHONG Jin, Mr. CHING Yu Lung, Mr. HAN Zirong and Mr. FAN Jingdong.

Our Directors (including non-executive Directors) shall serve a term of three years, and may seek re-election upon expiry of the said term. Our independent non-executive Directors shall serve a term of three years, and may seek re-election upon expiry of the said term, but the cumulative term shall not exceed six years. An independent non-executive director shall not hold positions as an independent non-executive director in more than two commercial banks at the same time, and may serve as an independent non-executive director in at most five domestic or foreign enterprises at the same time.

(III) Board Diversity Policy

We believe that diversity of Board of Directors will contribute a lot to improving our performance. We regard the increasing diversity of Board of Directors as a key to achieve sustainable development and support us to meet our strategic objectives and maintain good corporate governance. In designing the Board composition, we consider diversity from various aspects, including but not limited to gender, region and industry experience, skills, knowledge and educational background. All Board appointments are based on meritocracy, and candidates are considered with due regard for the benefits of Board diversity under objective conditions.

Selection of candidates of the Board is based on a series of diversified categories, including but not limited to gender, region, industry experience, skills, knowledge and educational background.

The nomination and remuneration committee will review the policy in due time to ensure its effectiveness. The nomination and remuneration committee will discuss any or necessary amendments and propose the amendments to the Board for approval.

As of the end of the Reporting Period, our Board of Directors consisted of 2 female directors and 8 male directors, aged from 42 to 64 and domiciled in Hong Kong, Shenzhen, Chengdu, Luzhou, etc. These directors are corporate management personnel, accountants, etc., with education background and professional experience covering management, economy, finance, accounting, etc. The Bank has fully considered the diversified requirements of Board members in terms of gender, age, region, education background and professional experience. We confirm that the composition of the Board of Directors satisfies the requirements regarding gender diversity of Board of Directors set out in the Listing Rules as well as the Board diversity policy of the Bank. We attach importance to the importance and benefits of gender diversity of Board of Directors and our Board diversity policy would ensure that the Board will have alternative and potential successors to extend the existing gender diversity of the Board.

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(IV) Change of Board Members

For details on change of Directors, please refer to the section headed Directors, Senior Management and Employees in this annual report.

(V) Chairman and President

The roles, duties and responsibilities of our chairman and president are held by different individuals in accordance with the Listing Rules. Mr. YOU Jiang is our chairman, responsible for presiding over Shareholders' general meetings, convening and presiding over Board meetings, supervising and examining the implementation of resolutions of the Board. Mr. LIU Shirong¹ is our president, responsible for managing the business operations of the Bank and reporting to the Board.

Note:

1. Since March 23, 2026, Mr. LIU Shirong has ceased to serve as President of the Bank. For details of the above change, please refer to the section headed "Directors, Senior Management and Employees" in this annual report.

(VI) Operation of the Board

The Board shall hold at least four regular meetings annually, and arrange extraordinary meetings if necessary. Board meetings shall be held on-site or by means of teleconference. The agenda of regular meeting of the Board shall be determined after consultation with the Directors, and the notice on meeting proposals and related materials shall be generally served to all Directors at least five days prior to the Board meeting. All Directors maintain communication with the secretary to the Board to ensure compliance with Board procedures and all applicable rules and regulations.

Minutes of Board meetings shall be recorded in detail and be provided to all attending Directors for review after the meetings, who shall propose review comments after receipt of the minutes. The finalized minutes shall be sent to all Directors as soon as possible. Minutes of Board meetings shall be kept as per our file management regulations and are open for inspection by Directors at any time.

A good communication and reporting mechanism has been established among the Board, Directors and senior management. Our president reports to the Board on a regular basis and accepts supervision. Relevant senior executives are invited to attend the Board meetings from time to time to make explanations or reply to inquiries.

At the Board meetings, Directors may freely express their opinions, but important decisions shall be subject to detailed discussion. If any Director has a material interest in the matter to be proposed by the Board, the relevant Director shall abstain from discussion and voting on the relevant proposal, and shall not be counted in the quorum voting on the proposal.

The Board sets an office as its administrative body, responsible for the preparations for and information disclosure of Shareholders' general meetings, Board meetings and meetings of special committees under the Board and other daily affairs.

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(VII) Duties of the Board

According to the Articles of Association, the Board shall exercise the following functions and powers:

- (I) to convene a Shareholders' general meeting and report its work to the Shareholders' general meeting;
- (II) to implement resolutions of the Shareholders' general meeting;
- (III) to decide on the Bank's business plans, investment proposals and formulate the Bank's development strategies and supervise the implementation of the strategy;
- (IV) to formulate the Bank's annual financial budget plans, final accounting plans, risk capital allocation plans, profit distribution plans and loss recovery plans;
- (V) to formulate proposals for increase or decrease of the registered capital, issuance of bonds or other securities and listing plans of the Bank;
- (VI) to formulate plans for material acquisitions, purchase of shares of the Bank or merger, spin-offs, dissolution and transformation of the Bank;
- (VII) to decide on major events of the Bank within the authorization of the Shareholders' general meeting, such as daily operations, external investments, acquisition, sales and swap of assets, external guarantees, pledge of assets, entrusted wealth management, financial lease, related party transactions and disposal and write-off of assets;
- (VIII) to appoint or dismiss senior managers including the president, vice president and secretary to the Board of the Bank as nominated by the chairman in accordance with regulatory requirements, and decide on remunerations, rewards and punishments of senior managers;
- (IX) to formulate the basic management system of the Bank, and decide on the rights of senior management on the formulation of business procedures and other specific rules;
- (X) to formulate proposals for any amendment to the Articles of Association, the rules of procedure of Shareholders' general meeting, the rules of procedure of Board meeting for review and approval at the Shareholders' general meeting and review and approve the rules of procedure of the special committees under the Board of Directors;
- (XI) to be responsible for the Bank's information disclosure, and undertake the ultimate responsibility for the truthfulness, accuracy, completeness and timeliness of the Bank's accounting and financial reports;
- (XII) to formulate a standard scheme for the remuneration and allowances of the Directors of the Bank;
- (XIII) to listen to work reports of the Bank's president and examine his/her work;

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- (XIV) to formulate the Company's risk tolerance, risk management and internal control policies and undertake the ultimate responsibility for overall risk management;
- (XV) to supervise the work performance of the Bank's senior management and deliberate senior management's evaluation on the Bank's president, vice president, chief financial officer and other senior managers and the reports of evaluation by the Bank's senior managers on each other; and organize the evaluation on Directors and evaluation by independent non-executive Directors on each other and report relevant evaluation results to the audit committee;
- (XVI) to regularly evaluate and improve the Bank's corporate governance;
- (XVII) to apply for bankruptcy to the People's Court on behalf of the Bank according to the authorization of the Shareholders' general meeting;
- (XVIII) to decide on the plans for establishment of internal management structure of the Bank and establishment, merger, and closure of the Bank;
- (XIX) to establish an identification, investigation and management mechanism for the conflict of interest between the Bank and its Shareholders, in particular its substantial Shareholders, and undertake the management responsibilities of the Shareholders' affairs;
- (XX) to undertake the ultimate responsibility for information technology risks and examination and approval of mid-and-long term information technology strategies, and regularly review the Bank's reports on information technology construction and risk management;
- (XXI) to have the right to determine the business investment and pricing between the Bank and other financial institutions, including bond investment, entrusted wealth management, purchase of wealth management products, purchase of designated (specialized) asset management plans, trust plans, beneficiary certificates issued by securities companies, right to yields on claims of margin trading and short selling, securities investment funds and other business investment and pricing;
- (XXII) to be in charge of determining green credit development strategies, examining and approving the green credit objectives determined and the green credit reports submitted by senior management, and supervising and appraising the Bank's implementation of green credit development strategies;
- (XXIII) to assume the ultimate responsibility for the protection of consumer rights of the Bank, safeguard the legitimate rights and interests of the financial consumers and other stakeholders, and regularly listen to the reports on the progress of the protection of consumer rights;

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- (XXIV) to formulate the Bank's capital plans and undertake the ultimate responsibility for capital or solvency management;
- (XXV) to propose to the Shareholders' general meeting the appointment or dismissal of accounting firms to conduct periodic statutory audit of the Company's financial reports;
- (XXVI) to formulate the Bank's data strategy, approve or authorize the approval of major events related to data governance, urge senior management to improve the effectiveness of data governance, and undertake the ultimate responsibility for data governance;
- (XXVII) to be responsible for the Bank's anti-money laundering and anti-terrorist financing policy, supervise the implementation of the anti-money laundering and anti-terrorist financing policy, and undertake the ultimate responsibility for the Bank's anti-money laundering and anti-terrorist financing efforts;
- (XXVIII) to exercise other functions and powers that shall be exercised by the Board according to the laws, regulations, the Listing Rules and the Articles of Association.

The Board of Directors shall obtain approval from a majority of all members of the audit committee before resolving on the following matters:

- (I) appointment and dismissal of the accounting firm engaged to conduct the Bank's audit services;
- (II) appointment and removal of the chief financial officer;
- (III) disclosure of financial accounting reports;
- (IV) other matters as stipulated by the securities regulatory authority under the State Council.

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(VIII) Board Meetings

During the Reporting Period, we convened 20 Board meetings in total (including meetings by means of communications), including 9 onsite meetings and 11 meetings by means of communications, during which we primarily considered and listened to 81 relevant proposals including annual operation plans, fixed asset investment plans, financial budget plans, profit distribution plans, work report of the Board of Directors, operating report, risk analysis report.

The list of Directors of the Bank during the Reporting Period and as of the Latest Practicable Date and the attendance of Directors during their respective tenure in office during the Reporting Period are as follows (Directors abstaining from the meetings for their involvement in connected transactions shall be deemed as having attended the meetings):

Attendance in person/Attendance by proxy/Number of meetings held during the tenure in office

Directors	Board		Audit committee		Development and strategy committee		Nomination and remuneration committee		Related party (connected) transactions control committee		Risk management committee		Consumer rights protection committee		Shareholders' general meeting
	meetings by		meetings by		meetings by		meetings by		meetings by		meetings by		meetings by		
	onsite meetings	means of communications	onsite meetings	means of communications	onsite meetings	means of communications	onsite meetings	means of communications	onsite meetings	means of communications	onsite meetings	means of communications	onsite meetings	means of communications	
YOU Jiang	9/09	11/011	-	-	-	5/05	-	6/06	-	-	-	3/03	-	-	2/02
LIU Shirong	9/09	11/011	-	-	-	-	-	-	-	9/09	-	3/03	-	-	2/02
PAN Lina	9/09	11/011	2/02	1/01	-	5/05	-	-	-	-	-	-	-	-	2/02
XIONG Guoming	9/09	11/011	-	-	-	5/05	-	6/06	-	-	-	3/03	-	-	2/02
LUO Huoming	8/19	11/011	-	-	-	5/05	-	-	-	-	-	-	-	3/03	2/02
CHEN Ping	9/09	11/011	-	-	-	5/05	-	-	-	-	-	-	-	-	2/02
ZHONG Jin	9/09	11/011	-	-	-	-	-	6/06	-	9/09	-	3/03	-	-	2/02
GAO Jinkang ¹	8/08	10/010	2/02	1/01	-	-	-	5/05	-	8/08	-	-	-	-	1/01
CHING Yu Lung	9/09	11/011	2/02	1/01	-	-	-	-	-	9/09	-	3/03	-	-	2/02
HAN Zirong ²	9/09	11/011	-	-	-	-	-	6/06	-	1/01	-	-	-	3/03	2/02
FAN Jingdong ²	4/15	8/08	-	-	-	-	-	-	-	-	-	-	-	3/03	2/02

Notes:

1. On November 26, 2025, Mr. GAO Jinkang ceased to serve as an independent non-executive Director, chairperson of the related party (connected) transactions control committee of the Board, a member of the audit committee and a member of the nomination and remuneration committee of the Bank due to personal work adjustment.
2. On November 26, 2025, Mr. HAN Zirong was appointed by the Board of Directors as chairperson of the related party (connected) transactions control committee of the Board.

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3. On April 27, 2025, Mr. FAN Jingdong obtained the qualification approved by the Sichuan Bureau of the National Financial Regulatory Administration and served as an independent non-executive Director.

Committees under the eighth session of the Board

Development and strategy committee	PAN Lina (chairperson), YOU Jiang, XIONG Guoming, LUO Huoming, CHEN Ping
Risk management committee	XIONG Guoming (chairperson), YOU Jiang, LIU Shirong, ZHONG Jin, CHING Yu Lung
Audit committee	CHING Yu Lung (chairperson), PAN Lina, HAN Zirong ² , QIU Wei ¹
Nomination and remuneration committee	ZHONG Jin (chairperson), YOU Jiang, XIONG Guoming, HAN Zirong, QIU Wei ¹
Related party (connected) transactions control committee	HAN Zirong (chairperson), LIU Shirong, ZHONG Jin, CHING Yu Lung
Consumer rights protection committee	HAN Zirong (chairperson), LUO Huoming, FAN Jingdong

Note:

1. The appointment of Mr. QIU Wei as a member of the audit committee and a member of the nomination and remuneration committee of the Bank shall be effective from the date of approval by the Sichuan Bureau of the National Financial Regulatory Administration for his qualification as an independent non-executive Director.
2. Since March 16, 2026, Mr. HAN Zirong, an independent non-executive Director of the Bank, has been appointed as a member of the audit committee.

(IX) Continuous Professional Development Plan of Directors

We also attach importance to the ongoing trainings for Directors to ensure that they have adequate knowledge of our operation and businesses and their responsibilities and duties as stipulated by relevant laws, regulatory requirements, and the Articles of Association.

During the Reporting Period, all of our Directors participated in training and learning sessions of the Bank covering: consumer protection management and complaint handling skills; anti-money laundering work briefing; the handbook for Directors of companies listed in Hong Kong; an analysis of the ESG development direction of Luzhou Bank Co., Ltd., the compliance training for directors of companies listed in Hong Kong and the latest regulatory developments of the Stock Exchange. All of our Directors also took the initiative to learn domestic and overseas regulatory policies and internal rules and regulations, including the New Provisions of the Corporate Governance Code, Case Analyses of Suspicious Transactions issued by the PBOC Luzhou Branch, and the Bank's Detailed Implementation Rules for Emergency Management of Major Consumer Complaints. They fully grasped the information required to execute the duties, and actively performed the relevant responsibilities.

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(X) Independence mechanisms of the Board

Purposes

The Bank has established a working mechanism for the Board to obtain independent views, in order to ensure a strong independent element on the Board of the Bank and to facilitate the efficient operation of the Board and exercise independent judgment.

Composition of the Board and special committees of the Board

The Bank is committed to ensuring that the number of independent non-executive Directors complies with domestic and overseas laws and regulations, the Listing Rules, the Articles of Association and other regulations, and that the independent non-executive Directors constitute more than one-third of the Board members and the total number of independent non-executive Directors is not less than three. Meanwhile, the Bank appoints independent non-executive Directors for each special committee of the Board as much as possible, with at least one-third of the audit committee, nomination and remuneration committee, risk management committee, and related party (connected) transactions control committee being composed of independent non-executive Directors. For the audit committee, and related party (connected) transactions control committee, the independent non-executive Directors account for the majority and the independent non-executive Directors serve as chairpersons to ensure that independent views are available.

Independence assessment

The nomination and remuneration committee of the Bank must strictly comply with the Corporate Governance Guidelines for Banking and Insurance Institutions, the Listing Rules, the Articles of Association and the policies and independence assessment standards set out in the nomination policy in relation to the nomination and appointment of independent non-executive Directors.

Independent non-executive Directors of the Bank are required to report truthfully, completely, accurately and timely to the Bank on their related relationship or acting-in-concert relationship and any changes that may materially affect their independence, to report truthfully on their own duties, part-time occupations and other relevant information, and to ensure that their positions are in compliance with domestic and overseas regulatory requirements and that there is no conflict of interest with the Bank.

The nomination and remuneration committee of the Bank assesses the independence of the independent non-executive Directors on an annual basis to ensure that the independent non-executive Directors are able to exercise independent judgment on an ongoing basis.

Remuneration

The Bank will not grant performance-based equity interest remuneration to independent non-executive Directors, so as to avoid situations that may lead to biased decision-making and affect their objectivity and independence.

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Board decision

The independent non-executive Directors of the Bank are entitled to seek further information and documentation from senior management on matters discussed at Board meetings and may also seek assistance from the company secretary of the Bank and, if necessary, the reasonable cost of engaging intermediaries and other reasonable expenses incurred by the independent non-executive Directors in the exercise of their powers as agreed by the Board shall be borne by the Bank.

Where an independent non-executive Director is personally related to, directly or indirectly, existing or planned contracts, transactions or arrangements of the Bank, he or she shall promptly inform the related party (connected) transactions control committee of the Board of the nature and extent of the relationships and, if necessary, recuse from considering the relevant matter. Such Director shall not vote on the resolution on the relevant matter or be counted in the quorum of such meeting.

The chairman of the Board of the Bank will hold a meeting with independent non-executive Directors at least once a year without the presence of other Directors to discuss major issues in business development and any doubts.

To review the implementation of this policy

The Bank will review the implementation and effectiveness of the independence mechanism of the Board every year, and disclose it in the Corporate Governance Report.

(XI) Performance of Duties by Independent Non-executive Directors

As of the end of the Reporting Period, we have four independent non-executive Directors, the number and proportion of our independent non-executive Directors have complied with the relevant regulations of the Listing Rules. During the Reporting Period, independent non-executive Directors took an active part in the meetings of the Board and its special committees where they played their due roles by making proposals, and kept effective communication with the Bank by multiple ways such as participating in field studies, special surveys and training sessions.

All of the independent non-executive Directors actively expressed independent opinions on the proposals considered by the Board. In particular, they have expressed written independent opinions on profit distribution, material related party transactions, appointment of auditors and other significant matters. In addition, the independent non-executive Directors of the Bank gave full play to their respective professional advantages in the special committees under the Board and provided professional and independent opinions on the Bank's corporate governance and operation management, thereby providing a strong guarantee for the Board's scientific decision-making.

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(XII) Directors' Duties for Preparing Financial Statements

Directors of the Bank acknowledged their responsibilities for preparation of the financial statements of the Bank for the year ended December 31, 2025.

Directors are responsible for examining and approving the financial statements of each accounting period, to make the financial statements truthfully and fairly reflect the Bank's financial condition, operating results and cash flows.

In preparation of the financial statements for the year ended December 31, 2025, Directors have adopted and implemented applicable accounting policies and have made prudent and reasonable judgements.

(XIII) Special Committees under the Board of Directors

Pursuant to relevant laws and regulations, the Articles of Association and the Listing Rules, our Board has set up six special committees, namely, the audit committee, the development and strategy committee, the nomination and remuneration committee, the related party (connected) transactions control committee, the risk management committee and the consumer rights protection committee.

During the Reporting Period, the special committees under our Board legally, independently, normatively and effectively performed their duties and effectively improved the corporate governance level of the Board and work efficiency, thereby ensuring steady and healthy development of various businesses of the Bank.

1. Audit committee

As at the Latest Practicable Date, the audit committee of the Bank consisted of three Directors, namely chairperson Mr. CHING Yu Lung and members Ms. PAN Lina, Mr. HAN Zirong. Mr. QIU Wei, the proposed committee member, will assume office upon obtaining regulatory approval of his qualification.

The primary duties of the audit committee during the Reporting Period include:

- conducting inspections on our risk and compliance status, accounting policies, financial condition and financial report procedures;
- being responsible for our annual audit work; issuing reports regarding the truthfulness, accuracy and completeness of the audited financial reports and submitting them to our Board for review;
- making recommendations on appointment, re-appointment or removal of external auditors;
- supervising the performance of duties by Directors and senior management, and proposing to dismiss the aforesaid members whoever become in breach the laws, administrative regulations, the Articles of Association or the resolutions of Shareholders' general meeting;
- demanding that any Director or senior management rectify any of their conduct that is detrimental to the Bank's interests;

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- initiating lawsuits in accordance with the law against Directors and senior management who violate laws, administrative regulations, or the provisions of the Articles of Association in the performance of their duties and cause losses to the Bank;
- proposing the holding of an extraordinary Shareholders' general meeting, and to convene and chair the Shareholders' general meeting in the event that the Board does not fulfill its duty to convene and chair the Shareholders' general meeting as stipulated in the Company Law;
- making proposals to the Shareholders' general meeting;
- performing other responsibilities as authorized by the Board; and
- performing other responsibilities in accordance with applicable laws and regulations.

In 2025, the audit committee held three meetings in total, during which it reviewed and approved nine proposals including final financial accounts report, results announcement, annual report, evaluation report of internal control for 2024; as well as the financial budget proposal, audit plan, interim results announcement, interim report for 2025, and recommendation on the appointment of external auditors for 2025.

During the Reporting Period, the audit committee had several meetings and communications with the external auditors in the absence of executive Directors and senior management. On March 25, 2025 and August 27, 2025, the audit committee reviewed the audited financial statements for the year ended December 31, 2024 and the unaudited interim financial statements for the six months ended June 30, 2025 prepared in accordance with the accounting principles and policies of the Bank. It also reviewed the internal control system and the effectiveness of the Bank's internal audit function by periodically hearing the internal audit work report.

2. Development and strategy committee

As at the Latest Practicable Date, the development and strategy committee of the Bank consisted of five Directors, namely chairperson Ms. PAN Lina and members Mr. YOU Jiang, Mr. XIONG Guoming, Mr. LUO Huoming and Ms. CHEN Ping.

The primary duties of the development and strategy committee during the Reporting Period include:

- reviewing our business objectives, investment plans and medium-and-long term development strategies;
- supervising and inspecting the implementation of our operation plans, investment plans and medium-and-long term development strategies;
- conducting research and making recommendations on merger, spin-offs, capital increase and decrease and other matters that are material to our development;

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- being responsible for the management of the Bank's environmental, social and governance (ESG), formulating ESG policies, reviewing reports on ESG-related matters, supervising the implementation of the Bank's ESG work and reporting to the Board; being responsible for climate-related responsibilities and duties, assisting the Board in supervising matters such as climate-related risks and opportunities; and
- performing other responsibilities as authorized by the Board.

In 2025, the development and strategy committee held five meetings in total, during which it reviewed and approved seven proposals, including the annual operating report and ESG report of 2024, the annual operating plan and fixed assets investment plans of 2025, the revised strategic risk management measures and the revised rules of procedures of the development and strategy committee of the Bank.

3. Nomination and remuneration committee

As at the Latest Practicable Date, the nomination and remuneration committee of the Bank consisted of four Directors, namely chairperson Mr. ZHONG Jin and members Mr. YOU Jiang, Mr. XIONG Guoming, Mr. HAN Zirong. Mr. QIU Wei, the proposed committee member, will assume office upon obtaining regulatory approval of his qualification.

The primary duties of the nomination and remuneration committee during the Reporting Period include:

Nomination duties

- making recommendations on the size and composition of the Board in accordance with the business activities, asset size and equity structure of the Bank;
- conducting study on the criteria and procedures for selecting Directors and senior managers and making recommendations to the Board;
- identifying qualified individuals as Directors and selecting or making recommendations to the Board on selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the president of the Bank; and
- conducting preliminary examination of qualifications of candidates for directorships and senior management positions, and making recommendations to the Board.

Corporate Governance Report

Remuneration and appraisal duties

- contemplating the criteria for appraising Directors, conducting assessment and evaluation and making recommendations to the Board according to our actual conditions;
- approving the terms of the Executive Director Service Contract;
- making recommendations to the Board on the policy and structure for Directors' and senior management's remuneration and on the establishment of formal and transparent procedures for developing remuneration policy;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of our non-executive Directors;
- reviewing and approving compensation payable to executive Directors and the senior management for any loss or termination of office to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;
- reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- supporting the Bank's regular assessment over the performance of the Board, and assisting the Board in maintaining a skills matrix of the Board; and
- reviewing and/or approving the matters about share plan as set out in Chapter 17 of the Listing Rules.

In 2025, the nomination and remuneration committee held a total of six meetings, during which it considered and approved eight proposals mainly involving such issues as the 2024 Performance Evaluation Report of Directors, the 2025 institutional performance appraisal indicator table, the revised rules of procedures of the nomination and remuneration committee, the selection and appointment of vice presidents, the proposal on the review of Director candidates and the adjustment to the committee's membership.

Corporate Governance Report

The nomination and remuneration committee of the Bank shall recommend candidates for Directors (including independent non-executive Directors) to the Board in accordance with the following selecting criteria and nomination procedures:

- identifying qualified individuals as Directors and selecting or making recommendations to our Board of Directors on selection of individuals nominated for directorships after due consideration of the requirements of the Company Law of the People's Republic of China 《中華人民共和國公司法》, the Law of the PRC on Commercial Banks, the Securities Law of the People's Republic of China, the Code of Corporate Governance of Banking and Insurance Institutions 《銀行保險機構公司治理準則》 of the Former CBIRC, the Management Measures on Qualifications of Directors (Council Members) and Senior Management of Banking Institutions 《銀行業金融機構董事(理事)和高級管理人員任職資格管理辦法》, the Listing Rules, the Basic Procedures for Re-election of City Commercial Banks in Sichuan 《四川法人城市商業銀行換屆工作基本流程》 and the Articles of Association, the Rules of Procedure for Shareholders' General Meetings, the Rules of Procedure for Board Meetings and other laws and regulations, normative documents and documents in relation to internal governance with combination of the actual situation of the Bank's work and the contributions that such candidates may make to the Board with respect to its qualification, skills, experience, independence, gender diversity and other aspects; and
- assessing the independence of independent non-executive Directors with reference to the factors as set out in Rule 3.13 of the Listing Rules and any other factors the nomination and remuneration committee or the Board deems appropriate to determine their qualifications; assessing the sufficiency of time commitment of an independent non-executive Director to affairs of the Board in the event that the proposed independent non-executive Director shall hold his/her position as a director in seven (or more) listed companies.

The nomination and remuneration committee of the Bank has considered each of the independent non-executive Directors' rich experience and biographies in their respective areas of expertise and other experience, and satisfied that such independent non-executive Directors possess requisite quality, integrity and experience to perform their duties as independent non-executive Directors in a continuous and effective manner. Contributions of such independent non-executive Directors to the diversity of the Board of the Bank are set forth in their respective biographies. In addition, such independent non-executive Directors have confirmed to the Bank their compliance with the requirements regarding independence under Rule 3.13 of the Listing Rules in their election, therefore, the Board considered that such independent non-executive Directors are independent.

Corporate Governance Report

4. Related party (connected) transactions control committee

As at the Latest Practicable Date, the related party (connected) transactions control committee of the Bank consisted of four Directors, namely chairperson Mr. HAN Zirong and members Mr. LIU Shirong, Mr. ZHONG Jin and Mr. CHING Yu Lung.

The primary duties of the related party (connected) transactions control committee during the Reporting Period include:

- responsible for receiving the filings for general related party transactions; reviewing major related party (connected) transactions and submitting to the Board for approval; focusing on the compliance, fairness and necessity of related party transactions and controlling risks of related party transactions;
- responsible for compiling and organizing list and information of our related parties and connected persons and identifying our related parties and connected persons;
- responsible for examining and supervising the control of our related party (connected) transactions and implementation of systems in relation to our related party (connected) transactions by our Directors, the senior management, related parties and connected persons and for reporting to the Board;
- responsible for other matters as authorized by the Board;
- exercising other functions and powers as stated in the rules of procedures of for Related Party (Connected) Transactions Control Committee of the Board of Directors of Luzhou Bank Co., Ltd. and the Listing Rules.

In 2025, the related party (connected) transactions control committee held nine meetings in total, during which it considered and approved 13 proposals, in relation to updated List of Related Parties, Annual Related Party Transactions Report and 2025 Material Related Party Transactions, etc.

Corporate Governance Report

5. Risk management committee

As at the Latest Practicable Date, the risk management committee of the Bank consisted of five Directors, namely chairperson Mr. XIONG Guoming and members Mr. YOU Jiang, Mr. LIU Shirong, Mr. ZHONG Jin and Mr. CHING Yu Lung.

The primary duties of the risk management committee during the Reporting Period include:

- reviewing risk control policies, measures and preference in relation to our credit risk, liquidity risk, market risk, operation risk, compliance risk and reputation risk etc.;
- supervising our risk control over credit risk, liquidity risk, market risk, operation risk, compliance risk and reputation risk by our senior management;
- conducting periodic assessment upon our risk policies, management status and risk tolerance ability, evaluating the working procedures and working efficiency of our internal audit department and advising on improvement of our risk management and internal control;
- performing other responsibilities as authorized by the Board; and
- performing other responsibilities in accordance with applicable laws and regulations.

In 2025, the risk management committee held three meetings in total, during which it considered and reviewed 10 proposals including our 2024 Annual Risk Analysis Report, the report on the implementation of the expected credit loss methodology, the revised rules of procedures of the risk management committee, and the third-party comprehensive validation report on the expected credit loss implementation model.

Corporate Governance Report

6. Consumer rights protection committee

As at the Latest Practicable Date, the consumer rights protection committee of the Bank consisted of three Directors, namely chairperson Mr. HAN Zirong and members Mr. LUO Huoming and Mr. FAN Jingdong.

The primary duties of the consumer rights protection committee during the Reporting Period include:

- formulating strategies, policies and objectives of our consumer rights protection work, incorporating content relating to consumer rights protection into our corporate governance and business development strategies and providing guidance on a general planning level to our senior management to strengthen the construction of our corporate culture of consumer rights protection;
- supervising our senior management to effectively implement consumer rights protection work, periodically listening to our senior management's special reports on the consumer rights protection work, reviewing and approving the special reports and submitting the same to the Board and making relevant work as important content of information disclosure;
- supervising and evaluating the comprehensiveness, promptness and effectiveness of our consumer rights protection work and the performance of our senior management in this respect;
- reviewing and providing comments on proposals in relation to consumer rights protection to be submitted to the Board in accordance with our overall strategies; and
- other matters as required by consumer rights protection related regulations in the banking industry or as required by the Articles of Association.

In 2025, the consumer rights protection committee held three meetings in total, during which it considered and reviewed four proposals, including the 2024 annual report on the work of consumer rights protection, the assessment plan for consumer rights protection work, the revised rules of procedures of the consumer rights protection committee and the 2026 work plan for consumer rights protection.

Corporate Governance Report

VI. SENIOR MANAGEMENT

The Bank shall have one president, who shall be elected via public employment, internal competition or external transfer, which shall be decided by the Board of Directors. The chairman of the Board shall communicate with the local party committee and government, substantial Shareholders and banking regulatory authorities under the State Council, so as to reach a consensus on the president candidates. The president shall be nominated by the chairman of the Board, and appointed or dismissed by the Board of Directors. The Bank, in accordance with business development needs, may set seven vice presidents, one president of the Chengdu Branch (municipal-level leadership) and other senior management personnel, all of whom are appointed or dismissed by the Board of Directors. All the senior management personnel meet the qualification conditions required by laws and regulations and banking regulatory authorities. The president shall be accountable to the Board of Directors, shall have the right to organize and carry out the Bank's operations and management in accordance with laws, administrative regulations and other rules, our Articles of Association and the authorization of the Board of Directors, and shall perform the following functions and powers:

- (I) to take charge of the business operation and management of the Bank, to organize the implementation of the resolutions of the Board of Directors and to report the work to the chairman and the Board of Directors;
- (II) to draft annual business plans and investment proposals;
- (III) to draft the Bank's basic management system;
- (IV) to formulate the Bank's specific regulations;
- (V) to make suggestions on the plans for establishment of internal management structure of the Bank and establishment and merger, or closure of branches of the Bank;
- (VI) to make recommendations to the Board of Directors on the appointment or removal of the vice president and other senior management personnel of the Bank;
- (VII) to make suggestions on the management personnel other than those to be engaged or dismissed by the Board of Directors;
- (VIII) to make suggestions on the plans authorizing senior management and persons in charge of internal functional departments and branches to conduct operational activities;
- (IX) to make suggestions on the salaries, benefits and reward or punishment of the Bank's staff other than the senior management decided by the Board; as well as the appointment and dismissal of the Bank's staff other than the senior management decided by the Board of Directors;
- (X) to propose to convene an extraordinary meeting of the Board of Directors;
- (XI) to adopt emergency measures when any material emergency (such as a run on the Bank) arises and promptly report them to the competent administrative authorities of the State and the Board of Directors;
- (XII) to report the fulfilment of duties and evaluation of the senior management of the Bank to the Board of Directors, and to organize members of the senior management of the Bank to report their fulfilment of duties to the Board of Directors; and

Corporate Governance Report

(XIII) other powers and rights conferred by the Articles of Association or by the Board of Directors.

The president shall attend Board of Directors' meetings. A non-Director president shall have no voting rights thereat.

As at the end of the Reporting Period, our senior management consisted of 12 members, namely, Mr. LIU Shirong, Ms. YUAN Shihong, Ms. XUE Xiaoqin (whose former name is XUE Defang), Mr. WU Ji, Mr. HAN Gang, Mr. MING Yang, Mr. HU Jia, Mr. WANG Chong, Mr. YANG Bing (whose former name is YANG Bin), Mr. AI Yong, Ms. LI Yan and Ms. WANG Lan.

VII. SECURITIES TRANSACTIONS BY DIRECTORS

Our Bank has adopted the Model Code as its code for regulating securities transactions by Directors of the Bank. Having made specified enquiry with all Directors by the Bank, our Directors confirmed that they have been in compliance with the Model Code throughout the Reporting Period.

VIII. RELATIONSHIP BETWEEN DIRECTORS AND SENIOR MANAGEMENT

There is no financial, business, kinship or other significant/relevant relationship between the Directors and the senior management of the Bank.

IX. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On June 30, 2025, the Shareholders' general meeting of the Bank approved the amendments to the Articles of Association. The amended Articles of Association took effect from the date of the approval of the Sichuan Bureau of the National Financial Regulatory Administration on November 7, 2025. For details, please refer to the Bank's announcements dated June 4, 2025 and November 10, 2025 and circular dated June 9, 2025. Save as disclosed above, for the year ended December 31, 2025, the Bank has not made any amendments to the Articles of Association.

X. JOINT COMPANY SECRETARY

Mr. MING Yang and Ms. ZHANG Xiao serve as Joint Company Secretaries of the Bank. All Directors can discuss with the company secretary to seek advice and obtain information. Mr. MING Yang, the vice president, the Secretary of the Board of Directors and Joint Company Secretary of the Bank, is the main contact person of Ms. ZHANG Xiao in the Bank. Mr. MING Yang and Ms. ZHANG Xiao confirmed that they have received no less than 15 hours of relevant professional training during the Reporting Period.

Corporate Governance Report

XI. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

Upon completion of the Bank's 2024 audit work, PricewaterhouseCoopers Zhong Tian Limited Liability Partnership (Special General Partnership) and PricewaterhouseCoopers, as external auditors of the Bank, reached the maximum continuous engagement period for external auditors as stipulated in the Administrative Measures for the Selection and Engagement of Accounting Firms by State-owned Financial Enterprises (Caijin [2020] No. 6) due to continuous service for eight years. In 2025, the Bank is required to change its external auditor.

Based on the results of the public tender evaluation process and upon the recommendation of the Audit Committee of the Board, the Board considered and approved the proposals to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor of the 2025 China Accounting Standards for Business Enterprises financial statements and Deloitte Touche Tohmatsu as the auditor of the 2025 International Financial Reporting Standards financial statements. Their terms of office commenced from the date of approval at the 2024 Annual General Meeting of the Bank to the conclusion of the 2025 Annual General Meeting of the Bank.

The above proposed engagement of external auditors for 2025 was approved at the 2024 Annual General Meeting. Except as disclosed above, the Bank did not change its auditors during the past three years.

As of the year ended December 31, 2025, the Bank had emoluments of RMB2,770,000 to Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu for the annual audit services. During the Reporting Period, the Bank also had interim audit expense of RMB870,000 and other non-audit service expense of RMB560,000 paid/payable, which included agreed-upon-procedures services fee of RMB160,000 in the first and third quarters, results announcement verification service fee of RMB70,000, fee for total payroll special assurance service of RMB80,000, and fee for loan ABS issuance service of RMB250,000.

XII. RISK MANAGEMENT, INTERNAL CONTROL AND INSIDE INFORMATION MANAGEMENT

The Board has reviewed the risk management and internal control systems for the year ended December 31, 2025 to ensure its effectiveness and adequacy. No matters of material concern have been identified during the review. Such review shall be conducted on an annual basis. Upon receipt of confirmation from the Bank's management regarding the effectiveness of the internal control and risk management systems, the Board is of the view that the risk management and internal control systems of the Bank for the year ended December 31, 2025 are effective and adequate. During the Reporting Period, the Bank did not implement adverse changes to its internal control and risk management systems.

(I) The Process Used to Identify, Evaluate and Manage Significant Risks

Leveraging our risk appetite, risk limit, risk management information systems, and a range of risk management policies and measures, we closely monitor different types of risks to make timely response, particularly for key risks associated with our daily operations, including strategic risk, credit risk, market risk, liquidity risk, operational risk, information technology risk and reputational risk. The Bank focuses on developing the rules and policies in relation to key risks and implements the relevant measures, so as to enhance the effectiveness and efficiency of risk identification, analysis, evaluation and mitigation. We have established clear and specific reporting and communication procedures for coordination among departments, including the departments responsible for risk management at the level of branch, subbranch, and headquarters and the risk management department, to address various risks and risk incidents and ensure efficient and effective risk management work arrangement of the Bank.

Corporate Governance Report

(II) The Main Features of the Risk Management and Internal Control

The overall target of our risk management is to maintain the balance between risks and business development so that we could effectively control risks while developing our business in a sustainable way. To achieve the above mentioned objectives, we have implemented the guiding principles of “comprehensiveness, balance, centralization and compliance” in our risk management.

The objectives of internal control of the Bank are to reasonably ensure the legal and regulatory compliance of operations and management and the security of corporate assets, and to ensure the truthfulness and completeness of financial reports and the relevant information; to enhance the efficiency and effectiveness of operations and facilitate the implementation of development strategies for the enterprises. The Bank’s internal control is compatible with its operational scale, business scope, competitive landscape and risk level, and adjustments will be made in a timely manner to keep pace with any changes of the circumstances.

(III) The Responsibilities of the Board of Directors for the Risk Management and Internal Control

The Board of Directors of the Bank is responsible for deciding on the Bank’s risk management and internal control policies. The Board of Directors’ responsibilities include establishing an adequate and effective risk management system to ensure the Bank’s prudent operation and compliance with relevant laws and financial policies; monitoring and assessing the adequacy and effectiveness of our risk management system; and reviewing internal control evaluation reports.

The risk management and internal control system of the Bank is designed to manage rather than eliminate the risk of failure to meet business objectives. During the Reporting Period, the Bank has maintained a generally adequate and effective internal control system and a controllable risk profile. Due to its inherent limitations, the internal control can only provide reasonable assurance for achieving the above objectives. In addition, since changes may result in inappropriate internal control or lower compliance with the control policies and procedures, it is risky to predict, to a certain extent, the effectiveness of future internal control based on current evaluation results of internal control.

Corporate Governance Report

(IV) The Process Used to Review the Effectiveness of the Risk Management and Internal Control and to Resolve Material Internal Control Defects

All departments of the Bank have established a series of systems which set out business-specific risk management policies and procedures to reasonably identify the risk control point for each business and management activity, take control measures and implement standardized and united business and management procedures to ensure a standard operation. No such business should be conducted if there are no relevant systems. The Bank includes the overall risk management into the internal audit, and the internal audit department is responsible for reviewing and evaluating the adequacy and effectiveness of the overall risk management on a regular basis. We have established an overall risk management system with comprehensive risk coverage and committed ourselves to its continuous upgrade and optimization.

The internal control is conducted across the daily operation and management activities by the Bank. Each business management department conducts routine monitoring, inspection and supervision on key risk points and key procedures at fixed intervals. The internal audit department formulates the audit plans and conducts supervision and audits on key risk points and key procedures. Our Internal Control and Compliance Department takes the lead in organizing all departments to conduct an overall evaluation once a year based on the internal and external inspection and supervision and formulate an annual evaluation report of internal control. The Bank will continue to improve its internal control system, reinforce the implementation of the internal control system, optimize the evaluation methods of internal control and strengthen the supervision and inspection on internal control to facilitate the healthy and sustainable development of the Bank in line with its development strategies and changes in business procedures.

(V) The Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Bank handles and disseminates inside information in accordance with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission in June 2012 to ensure the inside information remains confidential until the disclosure of such information is appropriately approved, and the release of such information is efficiently and consistently made. The Bank reminds its Directors and employees to properly comply with all policies in relation to inside information on a regular basis, distributes the Interim Measures for the Administration of Information Disclosure to all the employees, and imposes strict regulatory requirements on information disclosure. Furthermore, the Bank will inform its Directors, senior management and employees of the latest regulatory developments, and prepare or update relevant policies and guidelines to ensure compliance with regulatory requirements.

The Bank is aware of its responsibilities under the SFO and the Listing Rules and the overriding principle that the information shall be published as soon as practicable if it is determined to be inside information, and that it shall handle such information with close regard to the applicable laws and regulations.

Corporate Governance Report

XIII. SHAREHOLDERS' RIGHTS

(I) Convening of Extraordinary Shareholders' general meeting

According to the Articles of Association, Shareholders have the following rights:

The Board of Directors shall convene Shareholders' general meetings as required by laws and regulations, the Articles of Association and the rules of procedures of the Shareholders' general meeting. Where the Board of Directors is incapable of performing or is not performing its duties to convene the general meeting, the audit committee shall convene such meeting in a timely manner; if the audit committee fails to convene such meeting, Shareholders individually or jointly holding 10% or more of the Bank's Shares for 90 days or more consecutively may unilaterally convene and preside over such meeting.

(II) Proposals to Shareholders' General Meetings

When the Bank is to convene a Shareholders' general meeting, the Board of Directors, the audit committee and Shareholders who individually or jointly hold more than 1% of the Bank's Shares are entitled to submit proposals in writing to the Bank. The Bank should include matters in the proposals which fall within the terms of reference of Shareholders' general meeting into the meeting agenda.

Shareholders who individually or jointly hold more than 1% of the Bank's Shares may submit a temporary proposal in writing 10 days before the Shareholders' general meeting to the Board of Directors. The Board of Directors shall dispatch a supplementary notice of Shareholders' general meeting within two days after receiving the temporary proposal, announce the content of such temporary proposal and submit the same to the Shareholders' general meeting for deliberation; except that the temporary proposal violates laws, administrative regulations or the provisions of the Articles of Association, or does not fall within the scope of functions and powers of the Shareholders' general meeting. If listing rules of the stock exchange where the Bank's securities are listed provide otherwise, such provisions shall also be followed.

Besides circumstances provided by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the Shareholders' general meeting.

Corporate Governance Report

(III) Enquiries from Shareholders

If the Shareholders have any enquiries on matters relating to the H Shares held, such as share transfer, change of address, reporting for loss of share certificates and dividend warrants, etc., please send the enquiries in writing to the following addresses:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: +852-2862-8555

Fax: +852-2865-0990/2529-6087

If the Shareholders have any enquiries on matters relating to the Domestic Shares held, such as share transfer, change of address, reporting for loss of share certificates and dividend warrants, etc., please send the enquiries in writing to the following addresses:

The Bank's Office of the Board of Directors

Building 1, No. 18 Section 3 Jiucheng Avenue, Jiangyang District, Luzhou, Sichuan Province, the PRC

Tel: +86-0830-2362606

Fax: +86-0830-3100625

Post code: 646000

(IV) Management of Investor Relations

Shareholders and investors may send enquiries to the Board via the Bank's office of the Board of Directors.

Address: Building 1, No. 18 Section 3 Jiucheng Avenue, Jiangyang District, Luzhou, Sichuan Province, the PRC

Tel: +86-0830-2362606

Fax: +86-0830-3100625

E-mail: ir@lzccb.cn

(V) Information Disclosure

The Bank attaches great importance to communication with Shareholders and enhances understanding and communication among Shareholders through various channels such as Shareholders' general meeting, results announcements, roadshows, visitors' reception, and telephone consultation.

Corporate Governance Report

(VI) Shareholder Communication Policy

1. Purpose

- 1.1 The provisions of this shareholder communication policy (hereinafter referred to as the “Shareholder Communication Policy”) set out the guidelines related to communication between the Bank and Shareholders, with the aim of ensuring transparent, accurate and open communication between the Bank and Shareholders.

2. General policy

- 2.1 The Board of Directors of the Bank will continue to maintain communication with Shareholders and the investment community, and will regularly review the Shareholder Communication Policy to ensure the effectiveness and reflect the best practices in communication with Shareholders.
- 2.2 The main channels for the Bank to deliver information to Shareholders are the Bank’s annual report, interim report, annual general meeting and other possible general meetings of shareholders, and all disclosed information submitted to the Stock Exchange, as well as corporate communications and other company publications published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Bank at www.lzccb.cn.

3. Communication channels

Enquiries from Shareholders

- 3.1 The Bank has disclosed the Company’s contact information on the Bank’s website so that Shareholders can make any enquiries about the Bank.
- 3.2 Enquiries can be made by the Shareholders to the Hong Kong H Share Registrar (information of which are as follows) of the Bank regarding their shareholding issues:
- Computershare Hong Kong Investor Services Limited
- Shops 1712-1716, 17th Floor, Hopewell Centre,
- 183 Queen’s Road East, Wanchai, Hong Kong
- 3.3 Shareholders may at any time make a request for the Bank’s information to the extent such information is publicly available.

Corporate communication

- 3.4 Corporate communication (as defined in the Listing Rules) including but not limited to (i) Directors’ Report, annual accounts together with auditors’ report, (ii) interim report, (iii) notice of Shareholders’ general meeting, (iv) listing documents, (v) circulars and (vi) proxy forms.
- 3.5 Corporate communication shall be delivered to shareholders in a timely manner and prepared in plain language in both English and Chinese.

Corporate Governance Report

Corporate website

- 3.6 An “Investor Relations” section is available on the Bank’s website (www.lzccb.cn) providing shareholders with corporate information, such as corporate communication and the Bank’s key financial information. The corporate website also provides information on the Bank’s corporate governance and the structures and functions of the Board of Directors and each of the committees under the Board of Directors.
- 3.7 Following the approval of results by the Board of Directors, the Bank shall publish its results announcement on the websites of Stock Exchange and the Bank. The results announcement shall include the Bank’s results and business performance, specific information on the proposed dividends (if any) and the closure of register of members, and other information as required to be disclosed under the Listing Rules from time to time.
- 3.8 Information submitted by the Bank to the Stock Exchange for posting on the website of the Stock Exchange will also be posted on the Bank’s website immediately thereafter. Such information includes, but is not limited to, annual reports, interim reports, announcements, circulars, notice of Shareholders’ general meetings and information required to be disclosed under the Listing Rules from time to time.
- 3.9 The Bank’s press articles and publications are also available from time to time on the Bank’s website.
- 3.10 The information contained on the Bank’s website will be updated regularly.

Shareholders’ General Meeting

- 3.11 The Shareholders’ general meeting provides an opportunity for constructive communication between the Bank and its shareholders.
- 3.12 Appropriate arrangements for the Shareholders’ general meeting shall be in place to encourage shareholders’ participation.
- 3.13 The notice, the relevant circular and the proxy form of Shareholders’ general meeting shall be distributed to shareholders not later than 20 days before each Shareholders’ general meeting (or such other period as required under the Listing Rules from time to time). The notice shall specify the details of the proposed resolutions and other relevant information. The proxy form shall also be provided to shareholders to delegate their representatives to attend and vote at the Shareholders’ general meeting.

Corporate Governance Report

- 3.14 The members of the Board of Directors, in particular the chairman of each committee under the Board of Directors or their representatives, the appropriate administrative personnel and the external auditors shall attend the Shareholders' general meeting to answer questions from shareholders.
- 3.15 The Bank will review the procedures for the Shareholders' general meeting from time to time to ensure compliance with the requirements of the Articles of Association of the Bank, Listing Rules and applicable laws and to follow good corporate governance practices. Individual resolutions on individual important issues will be submitted to the Shareholders' general meeting for voting. Unless the proposals only involve procedural or administrative matters, the chairman of the Shareholders' general meeting will propose to vote on the proposal by way of poll in accordance with the Articles of Association of the Bank. The Shareholders' general meeting will appoint a scrutineer to count the votes. After the conclusion of the Shareholders' general meeting, the voting results will be announced on the website of the Bank and the website of the Stock Exchange.

4. Communication with the Investment Market

- 4.1 In order to facilitate the communication between the Bank and Shareholders and the investment community, the Bank holds performance briefings, conferences, meetings and roadshow of non-related trading transactions for Shareholders, potential investors and analysts from time to time.
- 4.2 Directors and employees of the Bank who have contact and communication with investors, analysts, media and other relevant third parties are aware of the disclosure responsibilities and requirements under the Listing Rules and applicable laws and regulations.

5. Shareholders' Privacy

- 5.1 The Bank recognizes the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless otherwise required by the Stock Exchange, the Securities and Futures Commission, or relevant laws and regulations.

After reviewing the different channels of communication with Shareholders, the Bank believes that the Shareholder's communication policy has been properly implemented during the year and is effective.

Corporate Governance Report

XIV. REMUNERATION MANAGEMENT

(I) Remuneration System

In 2025, with the aim to refine and improve the incentive and restraint mechanism, help employees grow and make progress, increase corporate efficiency and promote its high-quality development, the Bank will implement a market-oriented performance appraisal mechanism based on post salaries and performance-based remuneration. Based on the dual-channel career development system for its employees, the Bank established dual channels for remuneration promotion of employees, expanded the space for remuneration promotion of professional sequence employees, and built a remuneration exchange link between management sequence and professional sequence. Following the principle of “paying for post, ability and performance”, the Bank’s post salary is tightly coupled with post value and personal ability, and performance-related pay is closely linked to value creation, contribution and performance, which not only inspires employees to take initiatives to grow and actively improve their ability, but also mobilizes employees’ working enthusiasm and creativity and enhances the overall efficiency of the enterprise. The Bank paid “Five Social Insurances and One Housing Fund (五險一金)” for employees in accordance with the relevant laws. In addition, the Bank purchased supplementary medical insurance for its employees, and established enterprise annuity plan to provide employees with a relatively complete security system which has effectively improved employees’ sense of belonging and strengthened corporate cohesion. At the same time, the Bank established a mechanism for deferral payment and clawback of performance-related remuneration in accordance with regulatory requirements and business and management needs to promote sound operation and sustainable development of the Bank.

(II) Information on Remuneration Paid to Directors, Supervisors and Senior Management

Please refer to note 12 to the financial statements of this annual report for the total amount of the remuneration of Directors and Supervisors during the Reporting Period. For the year ended December 31, 2025, no emolument was paid by the Bank to any of the Directors, Supervisors or the five highest paid individuals (including Directors, Supervisors and employees) as an inducement to join or upon joining the Bank or as compensation for loss of office. The remuneration of senior management for 2025 is subject to approval by the relevant national authorities. The remuneration of senior management for 2025 represents the pre-tax remuneration accrued for the Reporting Period that has been actually paid to them during the Reporting Period.

The total remuneration paid to the senior management⁽¹⁾ (excluding the Directors and Supervisors) by bands was RMB6,592,200 for the year ended December 31, 2025 and is set out below:

	Number of employees	% of total
0 to RMB1,500,000	11	100%

Note:

(1) In 2025, Mr. LIU Shirong, a member of the Bank’s senior management, is also a Director. For details of the remuneration of Mr. LIU Shirong, please refer to note 12 to the financial statements of this annual report.

Corporate Governance Report

XV. DIVIDEND POLICY

The Bank may distribute dividends in the following forms:

- (I) cash;
- (II) stocks.

Any amount paid for any paid-up Shares prior to a capital call is entitled to interest, but the holder of the Shares is not entitled to the dividend subsequently declared in respect of prepayments of Shares. In accordance with relevant laws, regulations, departmental rules, normative documents and the relevant regulations of the securities regulatory authority in the place where the Bank's securities are listed, the Bank may exercise the right to confiscate unclaimed dividends only after the applicable time limit has expired.

The Bank shall have the right to cease delivering dividend notice to the Shareholders of H Shares by mail, but such right can only be exercised after the dividend notice has not been drawn twice consecutively. If a dividend notice fails to reach the expected recipient in the initial mail delivery and is returned, the Bank may exercise the right promptly. The Bank shall have the right to sell the shares of the unreachable Shareholders of H Shares through the methods the Board deems appropriate and subject to the following conditions:

- (I) the Bank has distributed dividends on such shares at least 3 times in a period of 12 years and the dividends are not claimed by anyone during that period;
- (II) after the expiration of a period of 12 years, the Bank makes a public announcement in one or more newspapers at the place where the Bank's securities are listed, stating its intention to sell such shares and notifies the Hong Kong Stock Exchange of such intention.

Our Bank shall appoint for Shareholders of overseas listed shares a recipient agent. The recipient agent shall collect on behalf of the Shareholders concerned the dividends distributed and other funds payable by the Bank in respect of the overseas listed shares.

The recipient agent appointed by the Bank shall comply with the laws of the locality in which the Bank's shares are listed or the relevant requirements of the stock exchange where the Bank's shares are listed. The recipient agent appointed by the Bank for Shareholders of H Shares shall be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

The profit distribution policy of the Bank should be comprehensively taken into account factors such as the industry characteristics, development stage, its own business model, profitability level, and the existence of significant capital expenditure arrangements, while balancing the reasonable returns of the investors and the sustainable development of the Bank. The profits of the Bank may be distributed in the form of bonus share and cash dividend, etc., and the cumulative distribution profits in cash or stocks for any three consecutive years shall not be less than 20% of the annual average distributable profits realized in the said three years.

Corporate Governance Report

XVI. TAX ON DIVIDENDS OF ORDINARY SHARES

(I) For holders of domestic Shares

Our corporate holders of domestic Shares shall handle their income tax by themselves. Pursuant to the relevant provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), our Bank shall withhold and pay an individual income tax at a rate of 20% for natural person shareholders of domestic shares of the Bank.

(II) For holders of H Shares

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the relevant implementation regulations, our Bank shall withhold and pay an enterprise income tax at a rate of 10% for H-share holders which are non-resident enterprises.

Pursuant to the Notice on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》), as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld and paid by withholding agents according to laws. However, where a domestic non-foreign invested enterprise issues shares in Hong Kong, its foreign resident individual shareholders can enjoy relevant tax incentives in accordance with tax treaties signed between their countries of residence and China as well as the provisions of tax arrangements between Chinese Mainland and Hong Kong (Macao). In accordance with the above tax regulations, we generally withhold and pay an individual income tax on dividends at a rate of 10% for the individual holders of H Shares, unless otherwise provided in the relevant tax regulations and tax treaties where the Bank shall go through the specific procedures under taxation and administration requirements of tax authorities.

Directors' Report

The Board hereby presents the directors' report and the audited financial statements of the Bank for the year ended December 31, 2025.

I. BUSINESS REVIEW

(I) Business Review

The Bank is the only city commercial bank headquartered in Luzhou. The Group offers various banking services and relevant financial services, and its principal business lines include corporate banking, retail banking and financial markets. The information on business review of the Group for the year ended December 31, 2025 is set out in "Management Discussion and Analysis" of this annual report.

(II) Relationship with Employees, Suppliers and Customers

The Group attaches importance to the selection of suppliers, encourages fair and impartial competition among suppliers, and establishes sound cooperative relations with high-quality suppliers based on the principle of mutual trust. Upholding the principle of good faith, the Group is committed to delivering high-quality financial services and fostering a reliable service environment.

(III) Environmental Policy and Performance

For information of the environmental policies and performance of the Group during the Reporting Period, please refer to the environmental information disclosure report published on the websites of the Group and the 2025 Environmental, Social and Governance Report published by the Group on the websites of the Hong Kong Stock Exchange and the Group in due course.

(IV) Permitted Indemnity Provisions

Pursuant to Article C.1.7 of the Code provisions, the Bank shall purchase appropriate insurance to cover potential legal proceedings against the Directors of the Bank. To comply with such Code Provision, the Bank has purchased appropriate liability insurance for its directors to provide indemnity against liabilities incurred by them in connection with corporate activities for the year ended December 31, 2025.

(V) Equity-linked Agreements

During the year ended December 31, 2025, the Group did not enter into any equity-linked agreements.

(VI) Bond Issuance

The Group stabilized its long-term liabilities and improved its liquidity control capacity through the issuance of interbank certificates of deposit, and stabilized its capital adequacy level and enhanced its risk resistance capacity through the issuance of capital bonds. Details of the Group's bond issuance are set out in note 31 to the financial statements of this annual report.

Directors' Report

II. ISSUANCE AND LISTING OF H SHARES ON THE HONG KONG STOCK EXCHANGE

During the year ended December 31, 2025, the Bank did not issue any new H Shares.

III. PROFITS AND DIVIDENDS

Dividends

The Bank's revenue for the year ended December 31, 2025 and the Bank's financial position on the same date are set out in the financial statements of this annual report.

The Board of Directors of the Bank has proposed to pay a cash dividend for the year ended December 31, 2025 to all shareholders at RMB1.3 per 10 shares (tax inclusive), totaling RMB353.31 million (tax inclusive). The aforesaid proposal will be submitted to the 2025 Annual General Meeting of the Bank for consideration.

The Bank will make further announcement(s) in due course regarding the last registration date, book closure period, payment date and other relevant information in relation to the aforesaid annual cash dividend.

If the above scheme is approved at the Bank's Annual General Meeting, the Bank expects to complete the distribution work of profits within two months after the end of the above meeting.

The cash dividends on ordinary shares in the past three years are as follows:

Item	2024	2023	2022
Cash dividend (tax inclusive, in millions of RMB)	326.13	244.60	217.42
Proportion of annual profit (%)	25.57	24.60	26.92

IV. RESERVES

Details of changes in the Bank's reserves available for distribution to Shareholders for the year ended December 31, 2025 are set out in the Statement of Changes in Equity. Calculated in accordance with the provisions of the Listing Rules, the Bank's reserves available for distribution to Shareholders are RMB3,422 million.

V. SUMMARY OF FINANCIAL INFORMATION

A summary of the Bank's operating results, assets and liabilities for the year ended December 31, 2025 is set out in the Accounting Data and Financial Indicators Summary of this annual report.

VI. DONATIONS

The Bank's charitable and other donations totalled RMB8.92 million for the year ended December 31, 2025.

Directors' Report

VII. PROPERTY AND EQUIPMENT

Details of changes in the property and equipment of the Group for the year ended December 31, 2025 are set out in note 26 to the financial statements of this annual report.

VIII. RETIREMENT BENEFITS

Details of the retirement benefits provided to employees by the Group are set out in note 11, Operating Expenses, to the financial statements of this annual report.

IX. PRE-EMPTIVE RIGHTS

The Articles of Association and relevant PRC laws do not grant the shareholders of the Bank any pre-emptive rights. The Articles of Association provide that, based on the requirements for operation and development and in accordance with laws, regulations and the Articles of Association, upon a resolution adopted by the shareholders' meeting and the approval of the banking regulatory authority of the State Council, the Bank may increase its registered capital by way of the following methods: offering new shares to non-specific investors; issuing new shares to specific subscribers; distributing new shares to existing shareholders; converting capital reserves into share capital; placing new shares to existing shareholders; or any other methods approved by laws, administrative regulations and relevant regulatory authorities.

X. MAJOR CUSTOMERS

As at the end of the Reporting Period, the balance of the Bank's loans to any single borrower did not exceed 10% of the Bank's net capital. The five largest depositors and the five largest borrowers of the Bank accounted for less than 30% of total deposits and total loans and advances.

XI. SHARE CAPITAL

Details of the changes in share capital of the Group during the Reporting Period are set out in note 33, Share Capital and Capital Surplus, to the financial statements of this annual report.

Directors' Report

XII. TOP TEN HOLDERS OF DOMESTIC SHARES AND SHAREHOLDINGS

The top ten holders of Domestic Shares of the Bank and their shareholdings as at the end of 2025 are set out in Changes in Share Capital and Information on Shareholders of this annual report.

XIII. DIRECTORS AND SENIOR MANAGEMENT

Details of the list of the members of the Board of Directors, their biographies and changes as of the Latest Practicable Date are set out in the section headed “Directors, Senior Management and Employees” of this annual report. During the Reporting Period and as of the Latest Practicable Date, the composition of the Board of the Bank is set out in the Corporate Governance Report section of this annual report. Such sections also form an integral part of the Directors' Report.

XIV. CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THEIR INDEPENDENCE

The Bank has received from each of its independent non-executive Directors the annual confirmation of his/her independence. The Bank considers that all independent non-executive Directors are in compliance with the relevant guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are accordingly independent.

XV. FINANCIAL, BUSINESS AND FAMILY RELATIONSHIP BETWEEN DIRECTORS AND SENIOR MANAGEMENT

There is no relationship, including financial, business, family or other material relationship, between the Directors and senior management of the Bank.

XVI. ARRANGEMENTS TO PURCHASE SHARES OR DEBT SECURITIES

At no time during the Reporting Period was the Bank a party to any arrangements to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debt securities of, the Bank or any other body corporate.

XVII. SIGNIFICANT INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

For the year ended December 31, 2025, the Bank did not enter into any significant transaction, arrangement or contract in which Directors directly or indirectly held significant interests.

XVIII. SERVICE CONTRACTS OF DIRECTORS

The Bank has entered into service contracts with each of its Directors in respect of, among other things, compliance with relevant laws and regulations, obedience of the Articles of Association and arbitration provisions. During the Reporting Period, none of the Directors had entered into any service contract with the Bank that would require compensation (other than statutory compensation) upon termination by the Bank within one year.

Directors' Report

XIX. MANAGEMENT CONTRACTS

For the year ended December 31, 2025, no management and administrative contract in respect of all or any material part of the Bank's business was entered into or existed (other than service contracts entered into with Directors and senior management of the Bank).

XX. DIRECTORS' INTERESTS IN THE BUSINESS WHICH COMPETES WITH THE BANK

Mr. Xiong Guoming, a non-executive Director of the Bank, is also a non-executive director of Luzhou Rural Commercial Bank Co., Ltd. (瀘州農村商業銀行股份有限公司) ("Luzhou Rural Commercial Bank"). As a non-executive director of Luzhou Rural Commercial Bank, Mr. Xiong Guoming is primarily responsible for participating in decision-making and providing advice on the corporate governance, compliance and risk management of Luzhou Rural Commercial Bank and is not involved in its daily operations and management. Accordingly, the Directors consider that Mr. Xiong's position in Luzhou Rural Commercial Bank does not and is not likely to give rise to significant competition or a conflict of interest between Mr. Xiong and the Bank.

Save as disclosed above, none of the Directors have an interest in any business (other than the Bank's business) that competes or may compete, directly or indirectly, with the Bank's business and is required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

XXI. RELATED PARTY (CONNECTED) TRANSACTIONS

In 2025, the Bank has continued to regulate the management of connected transactions in accordance with the Measures for the Administration of Connected Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》), the Interim Measures for the Administration of Equity in Commercial Banks (《商業銀行股權管理暫行辦法》) issued by the former China Banking and Insurance Regulatory Commission, the Listing Rules and the Measures for the Administration of Connected Transactions of Luzhou Bank Co., Ltd. (Revised) (《瀘州銀行股份有限公司關聯交易管理辦法(修訂)》), to ensure the effective operation of the Bank's connected transaction mechanism and effectively safeguard the rights and interests of the Bank and its shareholders.

(I) Credit Connected Transactions

As at the end of 2025, the Bank's net capital amounted to RMB17,761.5240 million, and the credit balance granted to the largest related party amounted to RMB857.97 million, accounting for 4.83% of the Bank's net capital; the credit balance granted to the group customers of the largest related legal person or other organization amounted to RMB1,322.2721 million, accounting for 7.44% of the Bank's net capital; the aggregate credit balance granted to all related parties amounted to RMB3,204.8810 million, accounting for 18.04% of the Bank's net capital. The Bank's credit balance granted to any single related party did not exceed 10% of its net capital, the credit balance granted to the group customers of any related legal person or other organization did not exceed 15% of its net capital, and the aggregate credit balance granted to all related parties did not exceed 50% of its net capital, all of which were in compliance with regulatory requirements.

(II) Connected Transactions in the Provision of Services

During 2025, the Bank had a total of 30 connected transactions for filing in relation to the provision of services, including the leasing of office premises and underground parking spaces, property management services and sporadic leasing of official vehicles, with a total transaction amount reaching RMB20.0721 million.

Directors' Report

(III) Continuing Connected Transactions

Property Services Agreement

The existing property services agreement (the “Existing Property Services Agreement”) entered into between the Bank and Luzhou Laojiao Property Service Co., Ltd. (“Laojiao Property Service”) on August 29, 2024 and its annual cap expired on July 23, 2025. According to the existing property service agreement, during the service period, the Bank will choose whether to enter into the service contract for the next year based on the service quality of Laojiao Property Service and the Bank’s assessment of Laojiao Property Service. After the Bank’s assessment and evaluation of the services provided by Laojiao Property Service, the Bank decided that Laojiao Property Service would continue to provide integrated property services for the Bank’s head office business buildings. On July 17, 2025, the Bank entered into a property services agreement with Laojiao Property Service. Property services include, but are not limited to, comprehensive property management, customer (conference) service management, project management, management of security order maintenance, management of environmental maintenance and management of catering service. The term of the Property Services Agreement is one year commencing from July 24, 2025 to July 23, 2026.

The maximum annual cap for property service fees (tax inclusive) under the Property Services Agreement is RMB8,980,000, equivalent to a monthly service fee (tax inclusive) of RMB748,333.34, which shall be settled monthly based on the actual number of service users within the monthly service fee. During the Reporting Period, the actual amount incurred under the Property Services Agreement was RMB8,846,545.92.

As defined in Chapter 14A of the Listing Rules, as at the date of the Property Services Agreement, Luzhou Laojiao Group Co., Ltd. (瀘州老窖集團有限責任公司), being a substantial shareholder directly and indirectly holding 15.97% of the equity interests of the Bank, is a connected person of the Bank. Laojiao Property Service, being an indirect wholly-owned subsidiary of Luzhou Laojiao Group Co., Ltd., is also a connected person of the Bank as defined in Chapter 14A of the Listing Rules. Therefore, the entering into of the Property Services Agreement and the transactions thereunder constitute continuing connected transactions of the Bank.

The transactions entered into among the Bank and its connected persons (as defined in the Listing Rules) will constitute connected transactions of the Bank under Chapter 14A of the Listing Rules. Save as disclosed above, during the Reporting Period, all of the connected transactions of the Bank were entered into in the ordinary course of business and on normal commercial terms, and were subject to exemption from compliance with the requirements regarding reporting, annual review, announcement and independent shareholders’ approval under Chapter 14A of the Listing Rules. The Bank has reviewed all connected transactions and confirmed that such transactions were in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Directors' Report

Annual Review by Independent Non-Executive Directors

The independent non-executive Directors of the Bank have reviewed the above continuing connected transactions and confirmed that such transactions were entered into:

- (1) in the ordinary course of business of the Bank;
- (2) on normal commercial terms or better; and
- (3) in accordance with the agreements governing such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders of the Bank as a whole.

Confirmation from the Auditors

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the Bank's auditors to perform certain procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". Based on the procedures performed, the Bank's auditors have provided a letter to the Board confirming that, in respect of the continuing connected transactions disclosed above:

- (1) Nothing has come to the auditors' attention that causes them to believe that such disclosed continuing connected transactions have not been approved by the Board of the Bank.
- (2) Nothing has come to the auditors' attention that causes them to believe that such transactions have not been conducted in all material respects in accordance with the agreements relating to such transactions.
- (3) In respect of the aggregate amount of the continuing connected transactions set out above, nothing has come to the auditors' attention that causes them to believe that the amount of such continuing connected transactions has exceeded the annual cap set by the Bank.

The definition of connected persons under Chapter 14A of the Listing Rules is different from the definition of related parties under IAS 24 Related Party Disclosures and the interpretations thereof by the International Accounting Standards Board. Certain related party transactions set out in note 43 to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Listing Rules. Save as disclosed above, none of them constitute non-fully exempt connected transactions as required under the Listing Rules.

Directors' Report

XXII. REMUNERATION POLICIES

In 2025, with the aim of further improving the incentive and restraint mechanism, supporting the growth and progress of employees, enhancing corporate efficiency and promoting its high-quality development, the Bank maintained a market-oriented remuneration system based on post salaries, under which performance-based remuneration is adjustable. Based on the dual channels for employees' career development, the Bank established dual channels for remuneration progression, expanded the remuneration progression space for employees in the professional sequence and established a remuneration linkage between the management sequence and the professional sequence. In accordance with the principle of “pay for position, pay for competence and pay for performance”, the Bank's post salaries are closely linked to post value and personal competence, while performance-based remuneration is closely linked to value creation, performance contribution and individual performance. This not only motivates employees to take the initiative to grow and improve their capabilities, but also stimulates their enthusiasm and creativity, thereby enhancing the overall efficiency of the Bank. The Bank made contributions to the “five social insurances and housing fund” for employees in accordance with relevant laws. In addition, the Bank provided supplementary medical insurance and established an enterprise annuity scheme for its employees, forming a relatively comprehensive protection system to enhance employees' sense of belonging and strengthen corporate cohesion. Meanwhile, in accordance with regulatory requirements and operational and management needs, the Bank established mechanisms relating to deferred payment and clawback of performance-based remuneration to promote the sound operation and sustainable development of the Bank.

The Bank provides remuneration in the form of salaries, social insurance, housing fund, enterprise annuity and other benefits to executive directors, supervisors who are also employees of the Bank and members of senior management. Non-executive directors, independent non-executive directors and external supervisors of the Bank receive fixed remuneration.

XXIII. PUBLIC FLOAT

Based on information that is publicly available to the Bank and to the knowledge of the Directors, as at the Latest Practicable Date, the Bank has maintained sufficient public float as required by the Hong Kong Stock Exchange.

XXIV. AUDITORS

The Bank engaged Deloitte Touche Tohmatsu Certified Public Accountants LLP as its auditor in respect of the 2025 financial statements prepared in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China, and Deloitte Touche Tohmatsu as its auditor in respect of the 2025 financial statements prepared in accordance with International Financial Reporting Standards.

The Bank's financial report for the year 2025 prepared in accordance with International Financial Reporting Standards has been audited by Deloitte Touche Tohmatsu, which has issued an audit report with an unqualified opinion.

Directors' Report

XXV. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2025, the Group has complied with the mandatory disclosure requirements and the “comply or explain” provisions set out in the ESG Reporting Guide. For details, please refer to the Bank’s 2025 Environmental, Social and Governance Report to be published in accordance with the Hong Kong Listing Rules.

XXVI. MAJOR RISKS AND UNCERTAINTIES

The major risks and uncertainties faced by the Bank include: the principal risks relating to the Bank’s operations include credit risk, market risk, liquidity risk and operational risk. The Bank is also exposed to information technology, reputation, legal and compliance risks. The Bank is unable to predict all risks and uncertainties it faces as a result of current economic, political, social and regulatory developments, many of which are beyond the Bank’s control. All such factors may have a material adverse effect on the Bank’s business, financial condition and results of operations. Please refer to the sections headed “Management Discussion and Analysis – Risk Management” and “Corporate Governance Report – Risk Management, Internal Control and Inside Information Management” in this annual report.

XXVII. FUTURE DEVELOPMENT OF BUSINESS

Please refer to the section headed “Management Discussion and Analysis – Environment and Prospect” and “Management Discussion and Analysis – Development Strategies” of this annual report for further details.

XXVIII. MATERIAL INVESTMENT OR ASSETS ACQUISITION PLAN

As at the end of the Reporting Period, the Group did not have any significant investment required to be disclosed pursuant to Rule 32(4A) of Appendix D2 to the Listing Rules.

During the Reporting Period, the Group had no material acquisition of assets.

XXIX. KEY FINANCIAL PERFORMANCE INDICATORS

As of December 31, 2025, as indicated in the information prepared according to IFRS, the total assets of the Group amounted to RMB202,462 million, representing a year-on-year increase of 18.40%; the total customer loans amounted to RMB124,830 million, representing a year-on-year increase of 20.11%; the NPL ratio was 1.18%; the total customer deposits amounted to RMB156,556 million, representing a year-on-year increase of 15.70%; the operating income of the Group amounted to RMB4,861 million, representing a year-on-year decrease of 6.69%; the net profit of the Group amounted to RMB1,542 million, representing a year-on-year increase of 20.91%. As of December 31, 2025, the capital adequacy ratio, tier-one capital adequacy ratio and core tier-one capital adequacy ratio of the Group were 13.08%, 10.04% and 8.27%, respectively.

Directors' Report

XXX. COMPLIANCE WITH LAWS AND REGULATIONS

The Board pays close attention to the policies and regulations in relation to compliance with laws and regulatory requirements. As of December 31, 2025, to the best knowledge of the Board, the Bank has complied with applicable laws and regulations in all material respects which could materially affect the Bank.

XXXI. SUBSEQUENT EVENTS

The Group had no other significant event from the end of the Reporting Period to the Latest Practicable Date.

By order of the Board
YOU Jiang
Chairman

Important Events

IMPLEMENTATION OF DIVIDENDS DISTRIBUTION

Upon the consideration and approval of the profit distribution plan for 2024 at the 2024 Annual General Meeting of the Bank held on June 30, 2025, the Bank distributed final dividends in cash for 2024 of RMB1.2 (tax inclusive) for every 10 shares on July 29, 2025 and RMB326.13 million (tax inclusive) in aggregate to the shareholders whose names appeared on the register of members of the Bank as of July 11, 2025.

The Bank did not declare any interim dividend for 2025.

MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, there were no litigations or arbitrations which were required to be disclosed and had a material impact on the Group. As of December 31, 2025, the Group was involved in several litigations in the course of daily business due to the recovery of loans and other reasons. The Group does not expect these litigations to have a material adverse effect on its financial or operating results.

PENALTIES IMPOSED ON THE BANK AND DIRECTORS AND SENIOR MANAGEMENT OF THE BANK

During the Reporting Period, the Bank and all its Directors and senior management had no record of being subject to inspections, administrative penalties and circulating criticisms by the CSRC and public censures by the Hong Kong Stock Exchange, or penalties by other regulatory bodies that posed a significant impact on the Bank's operation.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the Reporting Period, the Group had no material contracts or their performance.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS AND MERGER OF ENTERPRISES

As at the end of the Reporting Period, the Group had no material investments required to be disclosed pursuant to Rule 32(4A) of Appendix D2 to the Listing Rules.

During the Reporting Period, the Group had no material acquisition of assets.

MAJOR CAPITAL OPERATION

During the Reporting Period, the Group had no major capital operation.

Important Events

ANNUAL RESULTS

The annual consolidated financial statements of the Bank for the year ended December 31, 2025, which were prepared in accordance with IFRS, have been audited by Deloitte Touche Tohmatsu in accordance with International Standards on Auditing.

The Board of Directors and its audit committee have reviewed and approved the annual results of the Bank.

Independent Auditor's Report

To the Shareholders of Luzhou Bank Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Luzhou Bank Co., Ltd. (the “Bank”) and its subsidiary (collectively referred to as the “Group”) set out on pages 137 to 260, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (the “IESBA Code”), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Expected credit loss allowances of customer loans measured at amortised cost, financial investments – credit related financial assets and financial investments measured at amortised cost

Key Audit Matter	How the matter was addressed in our audit
<p>The Group uses the expected credit loss (“ECL”) model to calculate the loss allowances in accordance with International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”).</p> <p>As at 31 December 2025, the Group’s customer loans measured at amortised cost amounted to RMB122,008,479 thousand, with loss allowance amounted to RMB6,046,172 thousand; financial investments – credit related financial assets amounted to RMB2,457,899 thousand, with loss allowances amounted to RMB219,820 thousand; and financial investments measured at amortised cost amounted to RMB24,971,260 thousand, with loss allowance amounted to RMB706,620 thousand.</p> <p>The management exercised significant judgements and estimation in its assessment of loss allowance of customer loans measured at amortised cost, financial investments – credit related financial assets and financial investments measured at amortised cost. They include the determination of staging including determining whether the credit risk has increased significantly and credit impairment events have occurred; the determination of key parameters used in the ECL model including probability of default (PD), loss given default (LGD), exposure at default (EAD), discount rate, and forward-looking information; the determination of key parameters used in discounted cash flow assessment in respect of stage 3 corporate customer loans measured at amortised cost, financial investments – credit related financial assets and financial investments measured at amortised cost, including recoverable cash flows and discount rates.</p>	<p>Our audit procedures for the loss allowances of customer loans measured at amortised cost, financial investments – credit related financial assets and financial investments measured at amortised cost mainly included the following:</p> <ul style="list-style-type: none"> • Design, implementation and operating effectiveness of key internal controls: <ul style="list-style-type: none"> – Understood and assessed key internal controls of ECL model, including the selection, approval, and application of ECL model methodology, parameter updates, input of underlying data and parameters, staging of financial assets, and the review and approval of forward-looking information, and tested the operating effectiveness; – Understood and assessed the information technology system and the related controls, including general information technology controls, data transmission between systems, and tested the operating effectiveness. • Procedures on ECL model: <ul style="list-style-type: none"> – Assessed the reliability and appropriateness of the ECL model and the reasonableness of key parameters used in the model, including: PD, LGD, EAD, discount rate, forward-looking information, and evaluated the rationality of the key management judgements on those key parameters; – Verified, on a sample basis, the accuracy of ECL model data input such as loan agreement amount, due date, interest rate, guarantee method. – Verified, on a sample basis, the accuracy of the calculation logic of ECL model.

Independent Auditor's Report

Expected credit loss allowances of customer loans measured at amortised cost, financial investments – credit related financial assets and financial investments measured at amortised cost

Key Audit Matter	How the matter was addressed in our audit
<p>We identified the assessment for the ECL allowances as a key audit matter because of the inherent uncertainty and management judgements involved, and its significance to the financial results of the Group.</p> <p>Refer to Note 4.6, Note 5, Note 19, Note 20 and Note 23 to the consolidated financial statements for relevant disclosures.</p>	<ul style="list-style-type: none"> • Credit review and other substantive procedures: <ul style="list-style-type: none"> – Selected samples for credit review by focusing on industries that are significantly affected by fluctuations of economic cycle and policy regulations, and loans with other high-risk characteristics; – For the selected samples of corporate customer loans, analysed the borrower's or the debtor's financial and non-financial information, and other available information, and evaluated the reasonableness of management's judgement on staging, including whether credit risk has increased significantly since initial recognition and whether credit impairment events have occurred by reviewing the credit files, interviewing management, independently searching for publicly available information and exercising professional judgement; – Performed credit assessments on borrower's or debtor's and guarantor's financial information, collateral valuation and other sources of repayment for the selected samples of stage 3 corporate credit-impaired customer loans measured at amortised cost, financial investments – credit related financial assets and financial investments measured at amortised cost, tested the recalculation of loss allowances based on the recoverable cash flows and discount rates, and evaluated whether there was any material misstatement.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheuk Hoi Ho.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Year ended 31 December	
		2025	2024
Interest income		7,966,829	7,517,775
Interest expenses		(3,893,223)	(3,999,107)
Net interest income	6	4,073,606	3,518,668
Fee and commission income		136,876	218,324
Fee and commission expenses		(50,869)	(44,818)
Net fee and commission income	7	86,007	173,506
Net gains on trading activities	8	568,771	939,889
Net gains on financial investments	9	90,315	259,888
Other operating income	10	41,986	317,062
Operating income		4,860,685	5,209,013
Operating expenses	11	(2,064,194)	(1,794,319)
Expected credit losses	14	(707,356)	(1,624,805)
Other assets impairment losses	14	(7,371)	(7,724)
Operating profit		2,081,764	1,782,165
Share of profit of an associate		2,017	2,599
Profit before income tax		2,083,781	1,784,764
Income tax expense	15	(541,393)	(509,099)
Net profit		1,542,388	1,275,665
Attributable to:			
Net profit of shareholders of the parent company		1,541,426	1,275,665
Net profit of non-controlling interests		962	–
Net profit		1,542,388	1,275,665

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Year ended 31 December	
		2025	2024
Other comprehensive (losses)/income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change of financial assets at fair value through other comprehensive income		(41,719)	62,043
Expected credit losses of financial assets at fair value through other comprehensive income		31,879	(84,485)
Subtotal	36	(9,840)	(22,442)
Attributable to:			
Total comprehensive income of shareholders of the parent company		1,531,586	1,253,223
Total comprehensive income of non-controlling interests		962	–
Total comprehensive income		1,532,548	1,253,223
Earnings per share			
– Basic and diluted (expressed in RMB yuan)	16	0.53	0.43

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	As at 31 December	
		2025	2024
ASSETS			
Cash and balances with the central bank	17	13,675,409	10,234,384
Due from and placements with banks and other financial institutions	18	7,249,550	729,137
Customer loans	19	118,783,713	98,585,035
Financial investments – credit related financial assets	20	2,238,079	2,110,510
Financial investments – measured at fair value through profit or loss	21	27,873,970	32,867,602
Financial investments – measured at fair value through other comprehensive income	22	4,501,042	3,349,139
Financial investments – measured at amortised cost	23	24,264,640	19,564,015
Investment in an associate	25	–	57,542
Property and equipment	26	1,504,452	1,054,569
Deferred income tax assets	27	1,950,945	1,708,908
Other assets	28	420,117	738,731
Total assets		202,461,917	170,999,572
LIABILITIES			
Borrowings from the central bank		5,574,887	6,258,007
Due to and placements from banks and other financial institutions	29	5,912,573	2,591,181
Customer deposits	30	156,555,800	135,314,340
Debt securities issued	31	18,293,528	12,746,164
Current tax liabilities	15	549,126	566,790
Other liabilities	32	1,844,135	1,082,686
Total liabilities		188,730,049	158,559,168
SHAREHOLDERS' EQUITY			
Equity attributable to shareholders of the parent company			
Share capital	33	2,717,752	2,717,752
Other equity instruments	34	2,399,547	2,296,704
Capital surplus	33	1,783,179	1,786,355
Other reserves	35	3,311,087	3,012,101
Retained earnings		3,422,062	2,627,492
Subtotal		13,633,627	12,440,404
Non-controlling interests		98,241	–
Total shareholder's equity		13,731,868	12,440,404
Total liabilities and shareholders' equity		202,461,917	170,999,572

The accompanying notes form part of these consolidated financial statements.

Chairman and Executive Director:
You Jiang

Vice President
(discharging duties as Acting President)
Wang Chong

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

	Equity attributable to shareholders of the parent company								Non-controlling interest	Total
	Share capital (Note 33)	Other equity instruments (Note 34)	Capital surplus (Note 33)	Surplus reserve (Note 35)	General reserve (Note 35)	Revaluation reserve (Note 35)	Retained earnings	Subtotal		
Balance at 1 January 2025	2,717,752	2,296,704	1,786,355	838,507	2,105,856	67,738	2,627,492	12,440,404	-	12,440,404
Consolidation transfer	-	-	-	-	-	-	-	-	97,279	97,279
Net profit for the year	-	-	-	-	-	-	1,541,426	1,541,426	962	1,542,388
Changes recognised in other comprehensive income	-	-	-	-	-	(9,840)	-	(9,840)	-	(9,840)
Total comprehensive income	-	-	-	-	-	(9,840)	1,541,426	1,531,586	962	1,532,548
Contribution from other equity instrument holders (Note 34)	-	1,799,667	-	-	-	-	-	1,799,667	-	1,799,667
Other equity instrument settlements (Note 33)	-	(1,696,824)	(3,176)	-	-	-	-	(1,700,000)	-	(1,700,000)
Transfer to surplus reserve	-	-	-	153,956	-	-	(153,956)	-	-	-
Transfer to general reserve	-	-	-	-	154,870	-	(154,870)	-	-	-
Dividends declared to ordinary shareholders (Note 37)	-	-	-	-	-	-	(326,130)	(326,130)	-	(326,130)
Interest paid to perpetual bond holders (Note 16)	-	-	-	-	-	-	(111,900)	(111,900)	-	(111,900)
Balance at 31 December 2025	2,717,752	2,399,547	1,783,179	992,463	2,260,726	57,898	3,422,062	13,633,627	98,241	13,731,868
Balance at 1 January 2024	2,717,752	1,696,824	1,786,355	710,941	1,926,188	90,180	1,998,759	10,926,999	-	10,926,999
Net profit for the year	-	-	-	-	-	-	1,275,665	1,275,665	-	1,275,665
Changes recognised in other comprehensive income	-	-	-	-	-	(22,442)	-	(22,442)	-	(22,442)
Total comprehensive income	-	-	-	-	-	(22,442)	1,275,665	1,253,223	-	1,253,223
Contribution from other equity instrument holders (Note 34)	-	599,880	-	-	-	-	-	599,880	-	599,880
Transfer to surplus reserve	-	-	-	127,566	-	-	(127,566)	-	-	-
Transfer to general reserve	-	-	-	-	179,668	-	(179,668)	-	-	-
Dividends declared to ordinary shareholders (Note 37)	-	-	-	-	-	-	(244,598)	(244,598)	-	(244,598)
Interest paid to perpetual bond holders (Note 16)	-	-	-	-	-	-	(95,100)	(95,100)	-	(95,100)
Balance at 31 December 2024	2,717,752	2,296,704	1,786,355	838,507	2,105,856	67,738	2,627,492	12,440,404	-	12,440,404

Consolidated Statement of Cash Flows

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

	Year ended 31 December 2025	2024
Cash flows from operating activities:		
Profit before income tax	2,083,781	1,784,764
Adjustments:		
Expected credit losses	707,356	1,624,805
Other assets impairment losses	7,371	7,724
Depreciation and amortisation	202,177	178,906
Net losses/(gains) on disposal of non-financial assets	5,924	(289,080)
Net gains arising from financial investments	(1,000,176)	(1,128,424)
Changes in fair value of financial assets measured at fair value through profit or loss	393,025	(71,353)
Interest income from financial investments	(897,973)	(1,034,877)
Interest expenses on debt securities	335,003	361,890
Subtotal	(247,293)	(350,409)
Net changes in operating assets:		
Net increase in balances with the central bank	(1,057,142)	(934,111)
Net (increase)/decrease in due from and placements with banks and other financial institutions original maturity more than three months	(6,808,398)	4,541,158
Net increase in customer loans	(20,401,608)	(11,342,405)
Net increase in financial assets for trading	(4,294,530)	(4,347,850)
Net decrease/(increase) in other operating assets	725,492	(332,291)
Net changes in operating liabilities:		
Net (decrease)/increase in borrowings from the central bank	(692,622)	207,774
Net increase/(decrease) in due to and placements from banks and other financial institutions	3,300,523	(4,562,441)
Net increase in customer deposits	19,595,769	17,689,824
Net increase in other operating liabilities	1,037,588	115,008
Net cash flows from operating activities before income tax	(6,758,440)	2,469,021
Income tax paid	(793,916)	(758,865)
Net cash (used in)/generated from operating activities	(7,552,356)	1,710,156

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

	Note	Year ended 31 December	
		2025	2024
Cash flows from investing activities:			
Proceeds from disposal of property, plant and equipment, and non-financial assets		105,504	582,275
Purchase of property, plant and equipment, and non-financial assets		(828,199)	(205,095)
Interest income arising from financial investment securities		923,019	1,072,486
Purchase of investment securities		(8,833,281)	(10,273,855)
Net cash and cash equivalents acquired on acquisition of subsidiaries		679,721	–
Proceeds from sale and redemption of financial investments		12,770,912	9,291,967
Net cash flows generated from investing activities		4,817,676	467,778
Cash flows from financing activities:			
Proceeds from issuance of other equity instruments		1,799,667	599,880
Proceeds from issuance of debt securities		16,163,784	11,110,000
Redemption of other equity instruments		(1,700,000)	–
Repayment of debt securities upon maturity		(10,710,000)	(12,530,000)
Interest paid on debt securities		(241,424)	(401,862)
Dividends paid to shareholders		(324,838)	(374,201)
Dividends paid to perpetual bond holders		(111,900)	(95,100)
Cash payment for other financing activities		(43,806)	(45,568)
Net cash flow generated from/(used in) financing activities		4,831,483	(1,736,851)
Impact of exchange rate fluctuation on cash and cash equivalents		(1,185)	342
Net increase in cash and cash equivalents		2,095,618	441,425
Cash and cash equivalents at the beginning of the year		3,522,163	3,080,738
Cash and cash equivalents at the end of the year	38	5,617,781	3,522,163
Net cash flows generated from operating activities include:			
Interest received		7,072,428	6,418,227
Interest paid		(3,031,263)	(3,129,495)

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

1 GENERAL INFORMATION

Luzhou Bank Co., Ltd. (the “Bank”), with the approval of the People’s Bank of China, was established on 15 September 1997 as a joint-stock commercial bank under the name of “Luzhou City United Bank” in accordance with the Company Law of China. The Bank was jointly sponsored by Luzhou Finance Bureau, the shareholders of eight urban credit cooperatives, two rural credit cooperatives and other new corporate shareholders.

On 8 May 1998, the Sichuan Branch of the People’s Bank of China approved the renaming of the Bank from “Luzhou City United Bank” to “Luzhou City Commercial Bank Co., Ltd.”. On 4 June 2019, in accordance with the approval of the Sichuan Supervisory Bureau of China Banking and Insurance Regulatory Commission (former CBIRC, later formed National Financial Regulatory Administration or NFRA) and the approval of Luzhou City Market Supervision and Administration Bureau, the Bank was formally renamed to “Luzhou Bank Co., Ltd.”. The Bank was listed on the main board of Stock Exchange of Hong Kong on 17 December 2018. As at 31 December 2025, the total issued share capital of the Bank is RMB2,717,752,062 with a par value of RMB1 per share.

The main lines of business of the Bank include corporate banking, retail banking and financial markets operations.

Luxian Yuantong Rural Bank Co., Ltd. (“Yuantong Rural Bank”), the subsidiary of the Bank, was established on 12 August 2009, with a registered capital of RMB30.00 million. Yuantong Rural Bank was established upon the initiative of the Bank. As of December 31, 2025, the Bank held 51% equity of the subsidiary, which representing capital of RMB15.30 million. The Bank and its subsidiaries are collectively referred to as the “Group”.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards issued by the International Accounting Standards Board as well as the disclosure requirements of Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2.2 Basis of preparation

Other items in the consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments measured at fair value, as further explained in the respective accounting policies below.

The preparation of financial statements in conformity with IFRSs and relevant regulatory requirements 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 may differ from these estimates. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

The Group’s consolidated structured entities are measured and presented according to the accounting policies applicable to financial instruments to reflect the substance.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

3 APPLICATION OF IFRSS AND AMENDMENTS

3.1 IFRSs and amendments mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs as issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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3.2 Impacts on application of Amendments to IAS 21 Lack of Exchangeability

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments add a new appendix as an integral part of IAS 21.

The directors of the Bank believe that the application of the above amendments in the current year has no material impact on the Group's financial position and the financial performance for the current and prior years and the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

		Effective on or after
Amendment to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS Accounting Standards IFRS 18	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027

The Group is assessing the impact of applying the above new standards and amendments. Currently, it is expected that the application of the above standards (except for IFRS 18) will have no material impact on the consolidated financial statements of the Group. The application of IFRS 18 is expected to affect the presentation and disclosure of the consolidated statement of profit or loss in the future financial statements. The Group is assessing the detailed impact of IFRS 18 on the consolidated financial statements of the Group.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Subsidiary

A subsidiary is an entity (including a structured entity) controlled by the Group. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profit or loss arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

In the Bank's statement of financial position, long-term equity investment in subsidiary is accounted for using the cost method for subsequent measurement. In the Bank's statement of financial position, interest in subsidiary is accounted for using the cost less impairment losses.

4.2 Business combination and non-controlling interests

Business combinations are accounted for by applying the acquisition method. The consideration transferred is measured at acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the combination are recognised in profit or loss when incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to the acquisition date fair value through profit or loss.

Non-controlling interests represent the equity in a subsidiary not attributable to the parent company directly or indirectly.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the noncontrolling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Non-controlling interests are presented in the consolidated statement of financial position under shareholders' equity, separately from equity attributable to the shareholders of the parent company. The net profit and comprehensive income attributable to the non-controlling interests and the shareholders of the parent company are presented separately in the consolidated statement of profit or loss and other comprehensive income.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within the consolidated statement of shareholders' equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.3 Associate

An associate is an entity over which the Group has significant influence but not control or joint control. The significant influence refers to the power to be involved in making decisions on financial and operational policies of the investee, but control or joint control with other parties to formulate these policies is not allowed.

Investments in the associate are recognised in the consolidated financial statements using the equity method, and the cost is used as initial recorded value. An adjustment is made to the excess (if any) of the fair value of the net identifiable asset of the investee over the investment cost at the acquisition date. Subsequently, adjustments will be made based on the changes in the Group's share of net assets of the associate upon acquisition. Any excess of the Group's share of the fair value of net identifiable asset of the associate over the investment cost is recognised in profit or loss for the period upon acquisition of investments in the associate.

When the Group's share of losses of the associate is in excess of its share of the equity, the equity held by the Group will be reduced to zero without recognition of additional losses, except that the Group has to fulfil statutory or presumed obligations or pay on behalf of the associate. In this regard, the Group's equity held in the associate is the carrying amount of investments calculated under the equity method, as well as the substantial portion of the Group's equity of net investment in the associate.

Unrealised profit or loss arising from transactions between the Group and its associates is offset against the ratio of equity held by the Group in the associates. However, where there is evidence that the transferred assets have become impaired, the unrealised losses will be recognised in profit or loss immediately.

When the Group ceases to have significant influence over the associates, the selling of all equities of the relevant investee will be accounted for with resulting gains or losses recognised in the consolidated statement of profit or loss, and the portion previously recognised in comprehensive income will be transferred to profit or loss for the period. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.4 Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to RMB at the spot exchange rate at the date of the statement of financial position.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the spot exchange rate at the date on which the fair value is determined. Foreign currency differences arising on translation are generally recognised in profit or loss. Monetary items classified as at FVTOCI are recognised in profit or loss, except for exchange differences arising from changes in gross carrying amounts other than amortised cost, which are recognised in other comprehensive income. However, foreign currency differences arising from equity instruments in respect of which an election has been made to present subsequent changes in fair value in other comprehensive income are recognised in other comprehensive income.

As at the end of each reporting period, the assets and liabilities of foreign operations are translated into the presentation currency of the Group at the exchange rates ruling at the end of the reporting period. All items within equity except for retained profits are translated at the exchange rates ruling at the dates of the initial transactions. Income and expenses in the consolidated statement of profit or loss are translated at the spot rate or an approximation of the spot rate on the date of the transaction. The exchange differences arising on the above translation are taken to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

4.5 Cash and cash equivalents

Cash and cash equivalents refer to monetary assets, which are short-term, highly liquid, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents comprise cash on hand, deposits with the central bank other than restricted deposits, due from banks and other financial institutions, placements with banks and other financial institutions with the original maturity date of less than three months.

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For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument of another entity.

(i) Initial recognition and measurement of financial instruments

A financial asset or financial liability is recognised in the statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at FVTPL, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs.

(ii) Classification of financial instruments

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at FVTOCI, or at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An investment in debt instrument is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments (Continued)

(ii) Classification of financial instruments (Continued)

On initial recognition of an investment in equity instruments that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The designation is made on the basis of a single investment and the underlying investment meets the definition of an equity instrument from the issuer's perspective.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVTOCI as a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

The Group assesses the characteristics of contractual cash flow of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a particular date are only payments for principal and interest based on the outstanding principal amount. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(iii) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Investments in debt instruments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments (Continued)

(iv) Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

(v) Impairment of financial instruments

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- investments in debt instruments at FVTOCI;
- credit commitments and financial guarantee contracts, etc.

Financial assets measured at fair value, including financial assets at FVTPL are not subject to the ECL assessment.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group's method of measuring ECLs of financial instruments reflects the following elements: (1) unbiased weighted average probability determined by the results of evaluating a range of possible outcomes; (2) time value of money; (3) reasonable and evidence-based information about past events, current conditions, and future economic forecasts that are available at no additional cost or effort at the end of the reporting period.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECL is the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL is the portion of ECL that result from default events that are possible within the 12 months after the date of the statement of financial position (or a shorter period if the expected life of the instrument is less than 12 months).

The Group classifies financial instruments into three stages and makes provisions for ECLs, accordingly, depending on whether credit risk on that financial instrument has increased significantly since initial recognition.

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For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments (Continued)

(v) Impairment of financial instruments (Continued)

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance. Refer to Note 45.1 credit risk for the description of how the Group determines when a significant increase in credit risk has occurred.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECL is recognised as loss allowance. Please refer to Note 45.1 credit risk for the criteria to determine credit impairment that has occurred.

ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the date of the statement of financial position. Please refer to Note 45.1 credit risk for the measurement of ECLs of the Group.

Presentation of allowance for ECL

ECLs are re-measured at each date of statement of financial position to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss or reversal in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income. For credit commitments and financial guarantee contracts, the Group recognises loss allowance in other liabilities (loss allowance for credit commitments).

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments (Continued)

(vi) Determination of fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. The quoted price in the active market should be readily and regularly available from independent sources (e.g. the exchange, broker, industry group or pricing service agency) with prudent utilisation of purchase price, selling price and middle price. The Group should use market valuation method for fair value assessment as much as is feasible, which represents the prices in actual and regularly market transactions on an arm's length basis.

If there is no active market for a financial instrument, appropriate valuation techniques will be used to establish the fair value. Valuation techniques include referencing the price of recent market transactions between well-informed voluntary parties; reference to the current fair value of other instruments that are substantially the same; discounted cash flow model and referencing the valuation results of the third-party valuation agencies. The Group selects appropriate models based on the risk characteristics, liquidity, counterparty risk and pricing basis of specific financial instruments or trading strategies to ensure that their fair value are truly and effectively reflected. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each of the reporting periods. When referring to the valuation results of third-party valuation agencies, the authority, independence and professionalism of the agencies should be assessed. Where other pricing models are used, inputs are based on market data at the end of each of the reporting periods.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, which are likely to affect the fair value of the financial asset and financial liability.

The Group uses the valuation techniques commonly used by market participants to price financial instruments and techniques which have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. The Group makes use of all factors that market participants would consider in setting a price as much as possible, and incorporates these into its chosen valuation technique and tests for validity using prices from any observable current market transactions in the same instruments. Observable data is given priority to unobservable data unless it is unpractical or unavailable.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.6 Financial instruments (Continued)

(vii) Derecognition of financial assets and financial liabilities

Financial asset of the Group is derecognised when one of the following conditions is met:

- the contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Group has transferred its rights to receive cash flows from an asset, or has retained its rights to receive cash flows from the asset but assumed the obligation to pay those cash flows to eventual recipients while meeting the conditions of the transfer of financial assets, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is an investment in debt instruments at FVTOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognized.

The Group derecognises a financial liability only when its contractual obligation (or part of it) is extinguished.

(viii) Offsetting

Financial assets and financial liabilities are generally presented separately in the statement of financial position, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the statement of financial position when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts.
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.7 Financial assets held under resale and repurchase agreements

Financial assets purchased under resale agreements are bonds, loans and bills purchased by the Group at certain prices from the sellers under agreements with the commitment to resell these instruments to the original sellers in the future at predetermined prices. Financial assets sold under repurchase agreements refer to bonds, loans and bills sold by the Group at certain prices under agreements with the commitment to buy back these instruments in the future at predetermined prices.

The assets purchased under resale agreements are not recognised, and the payments (including interests accrued) are recognised as receivables on the statement of financial position and are carried at amortised cost. Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the consolidated statements of financial position and measured in accordance with their original measurement principles. The proceeds (including interests accrued) from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expenses over the life of each agreement using the effective interest method.

4.8 Property and equipment

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment, except for construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment loss. Construction in progress is stated in the consolidated statement of financial position at cost less impairment loss.

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Notes to the Financial Statements

For the year ended 31 December 2025
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4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.8 Property and equipment (Continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Type of assets	Estimated useful life	Estimated rate of residual value	Depreciation rate
Buildings	20 years	5.00%	4.75%
Motor vehicles	5 years	5.00%	19.00%
Electronic equipment	3 years	5.00%	31.67%
Office equipment	5 years	5.00%	19.00%

The useful life, residual value and depreciation method of the Group are reviewed at least at the end of each reporting period.

4.9 Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if a party of the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand alone prices.

The Group recognises a right-of-use asset and a lease liability of a lease at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct expenses incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4.13.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. Generally, the Group uses the incremental borrowing rate as the discount rate.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.9 Leases (Continued)

(i) As a lessee (Continued)

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the lessee to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate, which are determined based on the index or the rate at the commencement date of the lease term when initially measured;
- the exercise price of a purchase option, if the lessee reasonably determines that the option will be exercised;
- payments of penalties for terminating a lease, if the lease term reflects the lessee exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the lessee.

The Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognises such expenses in profit or loss or cost of related assets. Variable lease payments not included in the measurement of the lease liability are charged to profit or loss or included in the cost of assets where appropriate as incurred.

After the commencement date of the lease, the Group re-measures lease liabilities based on the present value of revised lease payments in following cases:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. However, if the lease liability still needs to be further reduced, the Group will record the remaining amount into the current profit and loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.9 Leases (Continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

When lease and non-lease components are contained in a contract, the Group allocates the consideration under the contract to each component in accordance with the IFRS 15.

Lease receipts from operating leases are recognised as rental income using the straight-line method over the lease term, as a portion of “Other operating income”.

4.10 Intangible assets

The intangible assets of the Group have finite useful lives. The intangible assets are stated at cost less accumulated amortisation and impairment loss. The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets of the Group are as follows:

Computer software and system development expenses 3 years

4.11 Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, guarantors or third parties following the enforcement of its creditor’s rights. Repossessed assets are recorded at fair value of assets not retained, related expenses paid to acquire the repossessed assets are recognised in carrying value of the repossessed assets, and subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, an impairment loss is provided.

Notes to the Financial Statements

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4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.12 Investment properties

Real estate held by the Group for rental income and not used by the Group is listed as investment properties. Investment properties include housing and buildings.

The Group adopts the cost model for subsequent measurement of investment properties. The type of assets, estimated useful lives, depreciation rate (amortisation rate) and estimated residual value rate of investment properties are as follows:

Type of assets	Estimated useful lives	Estimated residual value rate	Depreciation rate
Buildings	20 years	5.00%	4.75%

Investment properties are reviewed for impairment at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher between the fair value minus the disposal cost and the present value of the expected future cash flow of the asset.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

4.13 Allowance for impairment losses on non-financial assets

The carrying amounts of the following assets are assessed at the end of each of the reporting periods based on the internal and external sources of information to determine whether there is any indication of impairment:

- Property and equipment
- Intangible assets
- Right-of-use assets
- Investments in the associate, etc.

Non-financial assets of the Group that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated.

A cash-generating unit (“CGU”) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group’s operations and how management makes decisions about continuing or disposing of the Group’s assets.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.13 Allowance for impairment losses on non-financial assets (Continued)

The recoverable amount of an asset or CGU, or a group of CGUs (hereinafter called “asset”) is the higher of its fair value less costs to sell and its present value of expected future cash flows. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the assets belong.

An asset’s fair value less costs to sell is the amount determined by the price of a sale agreement in an arm’s length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

If, in a subsequent period, the amount of impairment loss of the non-financial asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss. A reversal of impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognised in prior periods.

4.14 Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

Short-term employee benefits include employee wages or salaries, bonuses, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences. Short-term employee benefits are recognised as liabilities in the accounting period in which the service is rendered by the employees based on the amounts paid or the statutory provisioning basis or ratio, with corresponding amounts charged to the profit or loss.

The Group’s post-employment benefit plans are defined contribution plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. During the reporting period, the Group’s post-employment benefits mainly include the social pension schemes, unemployment insurance and annuity plan. The social pension schemes and unemployment insurance are calculated according to the base and proportion stipulated by the nation, and the annuity plan is calculated according to a certain proportion of the employees’ total wages in the prior year. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with corresponding amounts charged to the profit or loss for the period.

Notes to the Financial Statements

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4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.15 Income taxes

Income tax for the reporting period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of prior years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Except for certain limited exceptions, all deferred tax liabilities and deferred tax assets are recognised. However, for deductible temporary differences, the Group recognises the relevant deferred tax assets to the extent that it is likely to obtain the taxable income to offset the deductible temporary differences. For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred tax assets are recognised to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained. The same criterion will be applied in determining whether the existing taxable temporary differences are sufficient to support the recognition of deferred tax assets arising from unutilised deductible losses and tax credits, i.e. whether the differences are relevant to the same tax authority and the same taxing entity, and whether they are expected to be reversed in the same period in which the unutilised deductible losses and tax credits can be reversed.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction (other than a business combination), and the transaction does not affect either taxable profits or accounting profits and does not result in an equivalent amount of tax and deductible temporary differences at the time of the transaction. In addition, if the temporary difference is due to the initial recognition of goodwill, the deferred tax liability is not recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognized.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.15 Income taxes (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

4.16 Financial guarantees, provisions and contingent liabilities

(i) Financial guarantees

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The fair value of the guarantee (being the guarantee fees received) is initially recognised as deferred income in other liabilities. The deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The amount of the liability is subsequently measured at the higher of the amount of the provision for losses determined in accordance with the principles of impairment of financial instruments or the amount initially recognised less accumulated amortisation of the gain related to the financial guarantee contract. The increase in the financial guarantee liability is recognised in the profit and loss statement.

In terms of off-balance sheet credit commitments, the Group applies ECL model to measure the loss caused by particular debtors incapable of paying due debts, which is presented in provisions.

(ii) Provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.17 Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding (“entrusted funds”) to the Group, and the Group grants loans to third parties (“entrusted loans”) under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No allowance for impairment loss is made for entrusted loans.

4.18 Income recognition

Income is the gross inflow of economic benefit in the periods arising in the course of the Group’s ordinary activities when the inflows result in an increase in shareholder’s equity, other than an increase relating to contributions from shareholders.

Income is recognised when the Group satisfies the performance obligation in the contract which by transferring the control over relevant goods or services to the customers.

The following is the description of accounting policies regarding income from the Group’s principal activities:

(i) Interest income

Interest income for financial assets is recognised in profit or loss as it is incurred, based on the time for alienation of right to use capital and effective interest rates. Interest income includes the amortisation of any discount or premium or differences between the initial carrying amount of an interest-bearing asset and its amount at maturity calculated using the effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract, transaction costs and all other premiums or discounts that are an integral part of the effective interest rate.

Interest on the impaired assets is recognised based on the amortised cost of the loan (i.e., the gross carrying amount net of the allowance for ECLs) and the effective interest rate.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.18 Income recognition (Continued)

(ii) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer controls the service provided by the Group in the course of performance or;
- The Group does not provide service with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently are recognised in profit or loss over the useful life of the asset.

4.19 Recognition of interest expense

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

4.20 Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each of the reporting periods are not recognised as a liability at the end of the reporting periods but disclosed separately in the notes to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

4.21 Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's major shareholders.

(ii) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- The entity is controlled or jointly controlled by a person identified in (i).
- A person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.22 Segment reporting

The Group determines its operating segments based on its internal organisational structure, management requirements and internal reporting systems. If two or more operating segments have similar economic characteristics and meet certain conditions, they are combined into one operating segment for disclosure. Based on the operating segments, the Group determines the reporting segment after considering the materiality principle and discloses the operating segments that meet the conditions by taking into account various factors such as the products and services involved in the management's organisational management. In preparing segment reports, revenue from intersegment transactions is measured on the basis of actual transaction prices. The accounting policies used in the preparation of segment reports are consistent with those used in the preparation of the Group's financial statements.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

5.1 Measurement of ECL

The measurement of the ECL allowance for the investment in financial assets and debt instruments measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECLs is further detailed in Note 45.1 credit risk.

A number of significant judgements are required in applying the accounting requirements for measuring ECLs, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECLs;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECLs.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 45.1 credit risk.

5.2 Fair value of financial instruments

There are no quoted prices from an active market for a number of financial instruments. The fair values for these financial instruments are established by using valuation techniques. These techniques include using recent arm's length market transactions and discounted cash flow analysis. Valuation models established by the Group make maximum use of market input and rely as little as possible on the Group's specific data. However, it should be noted that some input, such as credit and counterparty risk, and risk correlations require management's estimates. The Group reviews the above estimations and assumptions periodically and makes adjustment if necessary.

5.3 Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

(Continued)

5.4 Consolidation of structured entities

The Group applies its judgement to determine whether the control indicators set out in Note 4.1 indicate that the Group controls a non-principal guaranteed wealth management product, trust plan or an designated asset management plan.

The Group manages or invests in non-principal guaranteed wealth management products, trust plans and designated asset management plans. To determine whether the Group controls such structured entities, the Group mainly evaluates factors such as its decision-making scope as a manager, rights enjoyed by other parties, remuneration for providing management services and exposure to variable return risks, and determines whether the Group is the principal or agent, and then determines whether the structured entities should be consolidated.

6 NET INTEREST INCOME

	Year ended 31 December	
	2025	2024
Interest income		
Balances with the central bank	139,223	116,453
Due from and placements with banks and other financial institutions	81,781	71,552
Customer loans	6,847,852	6,294,893
Financial investments – credit related financial assets	134,276	142,584
Other financial investments	763,697	892,293
Total	7,966,829	7,517,775
Interest expenses		
Borrowing from the central bank	(99,530)	(113,908)
Due to and placements from banks and other financial institutions	(76,078)	(124,379)
Customer deposits	(3,378,748)	(3,393,775)
Debt securities issued	(335,003)	(361,890)
Other interest expense	(3,864)	(5,155)
Total	(3,893,223)	(3,999,107)
Net interest income	4,073,606	3,518,668

Notes to the Financial Statements

For the year ended 31 December 2025
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7 NET FEE AND COMMISSION INCOME

	Year ended 31 December	
	2025	2024
Fee and commission income		
Commission income from wealth management service	83,677	199,652
Commission income from guarantees and credit commitments	29,049	6,121
Commission income from agency services	14,164	2,969
Commission income from investment banking services	4,629	4,930
Commission income from settlement services	3,883	2,773
Commission income from bank card services	1,199	1,317
Other commission income	275	562
Total	136,876	218,324
Fee and commission expenses	(50,869)	(44,818)
Net fee and commission income	86,007	173,506

8 NET GAINS ON TRADING ACTIVITIES

	Year ended 31 December	
	2025	2024
Debt securities – realised gains	805,543	839,697
Debt securities – unrealised fair value change	(234,710)	95,269
Foreign exchange gains	(2,062)	4,923
Total	568,771	939,889

9 NET GAINS ON FINANCIAL INVESTMENTS

	Year ended 31 December	
	2025	2024
Financial investments measured at FVTPL – realised gains	246,204	283,563
Financial investments measured at FVTPL – unrealised fair value change	(106,380)	(23,916)
Net gains arising from derecognition of FVTOCI	(49,509)	241
Total	90,315	259,888

Notes to the Financial Statements

For the year ended 31 December 2025
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10 OTHER OPERATING INCOME

	Year ended 31 December	
	2025	2024
Government incentives and subsidies	31,757	18,722
Rental income from investment properties	2,782	2,172
Liquidated damages income	257	88
Net gains on disposal of repossessed assets	–	289,420
Net losses on disposal of fixed assets	–	(340)
Other miscellaneous income	7,190	7,000
Total	41,986	317,062

11 OPERATING EXPENSES

	Year ended 31 December	
	2025	2024
Staff costs (including directors and supervisors' emoluments (allowance inclusive)) ⁽¹⁾	1,050,791	895,572
Business and administrative expenses	609,519	544,169
Depreciation and amortisation	202,177	178,824
Tax and surcharges	87,242	97,677
Professional service fees	26,055	24,356
Expenditures on public welfare donations	8,920	7,341
Rental fees	7,982	3,550
Auditor's remuneration	4,328	3,180
Other operating expenses	67,180	39,650
Total	2,064,194	1,794,319

(1) Staff costs

	Year ended 31 December	
	2025	2024
Salary and bonus	792,346	654,374
Defined contribution plans ⁽ⁱ⁾	113,088	93,066
Staff welfare	53,214	48,526
Housing funds	46,197	37,991
Staff education and labour union expenses	27,188	24,648
Other social security and benefit costs	18,758	36,967
Total	1,050,791	895,572

Notes to the Financial Statements

For the year ended 31 December 2025
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11 OPERATING EXPENSES (Continued)

(1) Staff costs (Continued)

(i) Defined contribution plans

The Group's defined contribution plans are mainly basic pension insurance, enterprise annuity and unemployment insurance paid for employees.

Employees who retire after 8 November 2016 can voluntarily participate in an annuity plan set up by the Group pursuant to related state corporate annuity regulations. The Group contributes to the annuity plan based on certain percentage of the employees' gross salary of previous year and the contribution is recognised in profit or loss as incurred.

The amount recognised in profit or loss is as follows:

	For the year ended 31 December	
	2025	2024
Expenses incurred for corporate annuity plan	61,312	47,073
Expenses incurred for retirement benefit plans and unemployment insurance	51,776	45,993
Total	113,088	93,066

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

Statement of financial position obligations	As at 31 December	
	2025	2024
Retirement benefit plans and unemployment insurance	–	2,264
Corporate annuity plan	6	(182)
Total	6	2,082

Notes to the Financial Statements

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12 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE)

For the year ended 31 December 2025, the directors' and supervisors' remuneration represents the pre-tax remuneration accrued and actually paid by the Bank in the reporting period. The emoluments of the executive directors and part of supervisors for the year 2025 are subject to the approval of relevant national authorities. However, the management of the Bank expects that the ultimately recognized remuneration difference will not have a material impact on the Bank's financial statements for the year 2025. Details are as follows:

Name	Year ended 31 December 2025				Total
	Fees	Salaries, allowance and benefits	Discretionary bonuses	Contribution to pension schemes	
Executive directors					
You Jiang	-	609	-	22	631
Liu Shirong	-	609	-	22	631
Non-executive directors					
Pan Lina	13	-	-	-	13
Xiong Guoming	31	-	-	-	31
Luo Huoming	10	-	-	-	10
Chen Ping	11	-	-	-	11
Tang Baoqi ⁽¹⁾	73	-	-	-	73
Zhong Jin	330	-	-	-	330
Gao Jinkang ⁽²⁾	310	-	-	-	310
Ching Yu Lung	332	-	-	-	332
Han Zirong ⁽³⁾	264	-	-	-	264
Fan Jingdong ⁽⁴⁾	176	-	-	-	176
Supervisors					
Wu Wei	-	148	147	22	317
Chen Yong ⁽⁵⁾	-	-	-	-	-
Liu Yongli ^{(5) (6)}	-	-	-	-	-
Lyu Hong	50	-	-	-	50
Guo Bing	50	-	-	-	50
Total	1,650	1,366	147	66	3,229

Notes to the Financial Statements

For the year ended 31 December 2025
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12 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE) (Continued)

Name	Year ended 31 December 2024				Total
	Fees	Salaries, allowance and benefits	Discretionary bonuses	Contribution to pension schemes	
Executive directors					
You Jiang	–	273	1,100	20	1,393
Liu Shirong	–	273	1,100	20	1,393
Non-executive directors					
Pan Lina	8	–	–	–	8
Xiong Guoming	25	–	–	–	25
Luo Huoming	5	–	–	–	5
Chen Ping	5	–	–	–	5
Tang Baoqi ⁽¹⁾	304	–	–	–	304
Zhong Jin	324	–	–	–	324
Gao Jinkang ⁽²⁾	314	–	–	–	314
Ching Yu Lung	314	–	–	–	314
Han Zirong ⁽³⁾	41	–	–	–	41
Supervisors					
Wu Wei	–	126	429	20	575
Chen Yong ⁽⁵⁾⁽⁶⁾	–	–	–	–	–
Liu Yongli ⁽⁵⁾	–	–	–	–	–
Lyu Hong	86	–	–	–	86
Guo Bing	86	–	–	–	86
Total	1,512	672	2,629	60	4,873

- (1) On 26 November 2024, the Board announced that Mr. Tang Baoqi has resigned from the positions of non-executive director, chairperson of the Nomination and Remuneration Committee and member of the Consumer Rights Protection Committee of the Board. The fees received in 2025 represented the amount settled for duties performed in 2024.
- (2) On November 26, 2025, the Board announced that Mr. Gao Jinkang has resigned from the positions of independent non-executive director of the Bank, the chairman of the Related Party (Connected) Transactions Control Committee of the Board, the member of the Nomination and Remuneration Committee and the Audit Committee.
- (3) On 22 May 2024, the Board announced that Mr. Han Zirong was newly elected as non-executive director of the Group's eighth session of the Board. He took office on 4 November 2024 upon his qualification being approved by the Sichuan Bureau of the National Financial Regulatory Administration.
- (4) On 24 October 2024, the Board announced that Mr. Fan Jingdong was newly elected as non-executive director of the Group's eighth session of the Board. He took office on 27 April 2025 upon his qualification being approved by the Sichuan Bureau of the National Financial Regulatory Administration.
- (5) The employee supervisors of the Bank do not receive any remuneration in their capacity as employee supervisors.
- (6) On November 7, 2025, Mr. Chen Yong and Ms. Liu Yongli have ceased to serve as employee supervisors of the Bank due to the dissolution of the Supervisory Board in accordance with the law.
- (7) The emoluments for the years ended 31 December 2024 have been approved and restated in accordance with the approved amounts.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

12 DIRECTORS AND SUPERVISORS' EMOLUMENTS (ALLOWANCE INCLUSIVE) (Continued)

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees of the Group.

Emolument waived by directors during each of the years ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025	2024
Luo Huoming	20	20
Pan Lina	20	20
Chen Ping	20	20
Total	60	60

During each of the years ended 31 December 2025 and 2024, no emoluments were paid by the Bank to the Directors as an inducement to join the Bank or as severance compensation.

(a) Directors' retirement benefits

There is no retirement benefits paid to the directors in respect of their other service as a director during the year ended 31 December 2025 by defined contribution pension plans operated by the Bank. No other retirement benefits were paid to the directors in respect of their other services in connection with the management of the Bank other than those disclosed above (2024: same).

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits during each of the years ended 31 December 2025 and 31 December 2024.

(c) Consideration provided to third parties for making available directors' services

During each of years ended 31 December 2025 and 31 December 2024, the Bank did not pay any consideration to any third parties for making available the services of themselves as directors of the Bank.

(d) Directors' material interests in transactions, arrangements or contracts

In addition to the transactions disclosed in other parts of the notes to prior financial information, the directors of the Bank did not directly or indirectly have significant interests in any other major transactions, arrangements and contracts made by the Bank during the end of the performance record period or at any time during the period.

Notes to the Financial Statements

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13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the year ended 31 December 2025, all five highest paid individuals of the Group are marketing personnels (2024: same). The amount of remuneration for these individuals represents the pre-tax remuneration accrued and actually paid in respect of the reporting period and received from the Bank during the reporting period, and is subject to the approval of relevant national authorities for the year 2025. The emoluments for the years ended 31 December 2024 have been approved and restated accordingly. Top five highest paid individuals' remunerations are shown as below:

	Year ended 31 December	
	2025	2024
Salaries, allowance and benefits	4,021	4,520
Discretionary bonuses	3,999	9,266
Contribution to pension schemes	103	108
Total	8,123	13,894

The range of senior managements and individuals' remuneration is shown as below:

	Year ended 31 December	
	2025	2024
HK\$1,500,001 – HK\$2,000,000	4	–
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$3,000,001 – HK\$3,500,000	–	4
Total	5	5

The Bank does not pay any remuneration to any director, supervisor or five individuals with the highest remuneration to compensate them for bonuses or resignations to join or upon joining the Bank.

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14 EXPECTED CREDIT LOSSES AND OTHER ASSETS IMPAIRMENT LOSSES

	Year ended 31 December	
	2025	2024
ECL for customer loans measured at amortised cost (Note 19(b))	790,121	1,210,928
ECL for customer loans – measured at FVTOCI (Note 19(b))	57,588	(2,402)
ECL for financial investments – credit related financial assets (Note 20)	(269,320)	(145,602)
ECL for financial investments – measured at amortised cost (Note 23)	129,125	478,168
ECL for financial investments – measured at FVTOCI (Note 22)	(15,715)	66,096
ECL for reverse repurchase agreements, due from other banks and financial institutions	863	(5,241)
ECL for credit commitments	14,586	22,756
ECL for other receivables	108	102
Total	707,356	1,624,805

	Year ended 31 December	
	2025	2024
Other assets impairment losses ⁽¹⁾	7,371	7,724

(1) Other assets impairment losses are the impairment losses for repossessed assets.

15 INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
Current income tax	774,339	758,865
Deferred income tax (Note 27)	(232,946)	(249,766)
Total	541,393	509,099

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15 INCOME TAX EXPENSE (Continued)

The difference between the actual income tax charge in the profit or loss and the amounts which would result from applying the PRC tax law enacted tax rate 25% (2024: 25%) to profit before income tax can be reconciled as follows:

	Year ended 31 December	
	2025	2024
Profit before income tax	2,083,781	1,784,764
Tax calculated at a PRC tax law enacted tax rate of 25%	520,946	446,191
Tax effect arising from non-taxable income ⁽¹⁾	(74,337)	(78,232)
Tax effect of expenses that are not deductible for tax purposes ⁽²⁾	82,333	141,140
Income tax adjustment for prior years	12,451	–
Income tax expense	541,393	509,099

- (1) The non-taxable income mainly represents the interest income arising from the PRC government bonds, municipal debts and dividend income from funds in China mainland.
- (2) Expenses that are not tax deductible for tax purposes mainly represent non-deductible losses resulting from write-offs of certain non-performing loans, fines and late payment penalty in excess of the relevant deductible threshold under the relevant PRC tax regulations.
- (3) As at 31 December 2025, the amount of current income tax liabilities were RMB321,295 thousand (As at 31 December 2024: RMB339,578 thousand).

16 BASIC AND DILUTED EARNINGS PER SHARE

	Year ended 31 December	
	2025	2024
Net profit attributable to shareholders of the parent company	1,541,426	1,275,665
Less: interest on perpetual bonds declared	(111,900)	(95,100)
Profit attributable to ordinary shareholders of the parent company	1,429,526	1,180,565
Weighted average number of ordinary shares issued (in thousand shares)	2,717,752	2,717,752
Basic and diluted earnings per share (in RMB)⁽¹⁾	0.53	0.43

- (1) The Group issued non-cumulative perpetual bonds on 18 March 2020, 11 June 2020, 31 December 2024 and 13 June 2025. For the purpose of calculating basic earnings per share, distributions on non-cumulative perpetual bonds declared in respect of the period should be deducted from the amounts attributable to shareholders of the Group. The Group has declared distributions on perpetual bonds of RMB111,900 thousand (2024: RMB95,100 thousand) for the year ended 31 December 2025. Besides, there was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period (2024: no difference).

Notes to the Financial Statements

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17 CASH AND BALANCES WITH THE CENTRAL BANK

	As at 31 December	
	2025	2024
Cash	140,017	104,095
Mandatory reserve deposits with the central bank ⁽¹⁾	8,243,512	7,028,146
Surplus reserve deposits with the central bank	5,271,975	2,924,529
Fiscal deposits with the central bank	15,356	173,580
Accrued interest	4,549	4,034
Total	13,675,409	10,234,384

(1) The Group is required to place mandatory reserve deposits and mandatory reserve for foreign exchange with the People's Bank of China ("PBOC"). These mandatory reserves are not available for daily business.

As at 31 December 2025 and 31 December 2024, the mandatory reserve deposits rates of the Bank are as follows:

	As at 31 December	
	2025	2024
Mandatory reserve rate for deposits denominated in RMB	5.00%	5.00%

Surplus reserve deposits are maintained with the central bank mainly for clearing purposes.

18 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2025	2024
Reverse repurchase agreements – debt securities	7,044,340	200,000
Due from banks and other financial institutions	205,789	229,482
Placements with banks and other financial institutions	–	300,000
Accrued interest	951	145
Less: ECL allowance	(1,530)	(490)
Total	7,249,550	729,137

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For the year ended 31 December 2025
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19 CUSTOMER LOANS

(a) Customer loans

	As at 31 December	
	2025	2024
Customer loans measured at amortised cost		
Corporate loans	109,293,854	89,635,993
Personal loans	12,011,423	13,432,458
Accrued interest	703,202	656,903
Gross amount of loans measured at amortised cost	122,008,479	103,725,354
Less: ECL allowance	(6,046,172)	(5,342,538)
Net customer loans measured at amortised cost	115,962,307	98,382,816
Customer loans – measured at FVTOCI		
Discounted bills – measured at FVTOCI	2,821,406	202,219
Net customer loans	118,783,713	98,585,035

(b) Movements on ECL allowance

Corporate loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	2,422,098	1,432,083	789,038	4,643,219
Transfer upon consolidation	7,986	8,927	4,887	21,800
Transfers:				
– to Stage 1	34,359	(34,359)	–	–
– to Stage 2	(2,573)	20,162	(17,589)	–
– to Stage 3	(2,239)	(50,242)	52,481	–
Charge/(Reverse) for the year	746,054	(177,215)	(109,341)	459,498
Write-offs	–	–	(26,002)	(26,002)
Recoveries of loans previously written off	–	–	207,913	207,913
Other movements	–	–	(6,709)	(6,709)
As at 31 December 2025	3,205,685	1,199,356	894,678	5,299,719

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For the year ended 31 December 2025
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19 CUSTOMER LOANS (Continued)

(b) Movements on ECL allowance (Continued)

Personal loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	343,146	54,486	301,687	699,319
Transfer upon consolidation	2,824	4,113	8,468	15,405
Transfers:				
– to Stage 1	13,357	(6,598)	(6,759)	–
– to Stage 2	(12,034)	13,291	(1,257)	–
– to Stage 3	(35,804)	(27,468)	63,272	–
Charge/(Reverse) for the year	35,862	17,520	277,241	330,623
Write-offs	–	–	(309,615)	(309,615)
Recoveries of loans previously written off	–	–	27,591	27,591
Other movements	–	–	(16,870)	(16,870)
As at 31 December 2025	347,351	55,344	343,758	746,453

Discounted bills	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	3,905	–	–	3,905
Charge/(Reverse) for the year	57,588	–	–	57,588
As at 31 December 2025	61,493	–	–	61,493

Corporate loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	1,667,225	1,617,212	711,464	3,995,901
Transfer:				
– to stage 1	36,626	(36,626)	–	–
– to stage 2	(3,337)	3,337	–	–
– to stage 3	(3,185)	(134,838)	138,023	–
Charge/(Reverse) for the year	724,769	(17,002)	230,353	938,120
Write-offs	–	–	(318,336)	(318,336)
Recoveries of loans previously written off	–	–	1,107	1,107
Other movements	–	–	26,427	26,427
As at 31 December 2024	2,422,098	1,432,083	789,038	4,643,219

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For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

19 CUSTOMER LOANS (Continued)

(b) Movements on ECL allowance (Continued)

Personal loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	296,950	30,063	250,002	577,015
Transfer:				
– to stage 1	5,961	(2,848)	(3,113)	–
– to stage 2	(3,052)	3,613	(561)	–
– to stage 3	(9,242)	(16,619)	25,861	–
Charge/(Reverse) for the year	52,529	40,277	180,002	272,808
Write-offs	–	–	(183,845)	(183,845)
Recoveries of loans previously written off	–	–	30,040	30,040
Other movements	–	–	3,301	3,301
As at 31 December 2024	343,146	54,486	301,687	699,319

Discounted bills	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2024	4,158	–	57,823	61,981
Charge/(Reverse) for the year	(253)	–	(2,149)	(2,402)
Write-offs	–	–	(63,500)	(63,500)
Recoveries of loans previously written off	–	–	7,826	7,826
As at 31 December 2024	3,905	–	–	3,905

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19 CUSTOMER LOANS (Continued)

(c) Movements on gross amount (excluding interest receivable) of customer loans

The following table further illustrates the changes in the gross amounts of the corporate and personal loans portfolios (excluding interest receivable) to explain the impact of these changes on the portfolio's ECL.

Corporate loans	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	84,971,473	3,748,323	916,197	89,635,993
Transfer upon consolidation	446,311	23,680	5,413	475,404
Transfers:				
– to stage 1	106,100	(106,100)	–	–
– to stage 2	(126,769)	163,519	(36,750)	–
– to stage 3	(77,215)	(114,000)	191,215	–
Net increase/(decrease) for the year	20,113,870	(764,597)	(140,814)	19,208,459
Write-offs	–	–	(26,002)	(26,002)
As at 31 December 2025	105,433,770	2,950,825	909,259	109,293,854
Personal loans	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	12,810,795	129,471	492,192	13,432,458
Transfer upon consolidation	145,800	16,145	15,248	177,193
Transfers:				
– to stage 1	30,468	(17,576)	(12,892)	–
– to stage 2	(118,089)	120,487	(2,398)	–
– to stage 3	(384,764)	(65,040)	449,804	–
Net increase/(decrease) for the year	(1,182,042)	(40,266)	(66,305)	(1,288,613)
Write-offs	–	–	(309,615)	(309,615)
As at 31 December 2025	11,302,168	143,221	566,034	12,011,423
Discounted bills	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	202,219	–	–	202,219
Net increase/(decrease) for the year	2,619,187	–	–	2,619,187
As at 31 December 2025	2,821,406	–	–	2,821,406

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19 CUSTOMER LOANS (Continued)

(c) Movements on gross amount (excluding interest receivable) of customer loans (Continued)

Corporate loans gross amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	72,718,853	4,762,907	827,210	78,308,970
Transfer:				
– to stage 1	93,650	(93,650)	–	–
– to stage 2	(131,383)	131,383	–	–
– to stage 3	(103,813)	(387,835)	491,648	–
Net increase/(decrease) for the year	12,394,166	(664,482)	(84,325)	11,645,359
Write-offs	–	–	(318,336)	(318,336)
As at 31 December 2024	84,971,473	3,748,323	916,197	89,635,993
Personal loans gross amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	13,443,143	72,964	353,830	13,869,937
Transfer:				
– to stage 1	14,507	(8,684)	(5,823)	–
– to stage 2	(124,262)	125,311	(1,049)	–
– to stage 3	(343,233)	(38,530)	381,763	–
Net increase/(decrease) for the year	(179,360)	(21,590)	(52,684)	(253,634)
Write-offs	–	–	(183,845)	(183,845)
As at 31 December 2024	12,810,795	129,471	492,192	13,432,458
Discounted bills gross amount	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	214,186	–	63,500	277,686
Net decrease for the year	(11,967)	–	–	(11,967)
Write-offs	–	–	(63,500)	(63,500)
As at 31 December 2024	202,219	–	–	202,219

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19 CUSTOMER LOANS (Continued)

(d) Loans listed by assessment method for allowance

As at 31 December 2025	Stage 1	Stage 2	Stage 3	Total
Total customer loans	119,557,344	3,094,046	1,475,293	124,126,683
– Corporate loans	105,433,770	2,950,825	909,259	109,293,854
– Personal loans	11,302,168	143,221	566,034	12,011,423
– Discounted bills	2,821,406	–	–	2,821,406
Accrued interest	155,550	359,181	188,471	703,202
Less: ECL allowance	(3,553,036)	(1,254,700)	(1,238,436)	(6,046,172)
Net customer loans	116,159,858	2,198,527	425,328	118,783,713

As at 31 December 2024	Stage 1	Stage 2	Stage 3	Total
Total customer loans	97,984,487	3,877,794	1,408,389	103,270,670
– Corporate loans	84,971,473	3,748,323	916,197	89,635,993
– Personal loans	12,810,795	129,471	492,192	13,432,458
– Discounted bills	202,219	–	–	202,219
Accrued interest	193,521	274,624	188,758	656,903
Less: ECL allowance	(2,765,244)	(1,486,569)	(1,090,725)	(5,342,538)
Net customer loans	95,412,764	2,665,849	506,422	98,585,035

20 FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS

The Group's financial investments – credit related financial assets are corporate loans issued through consolidated structured entities (trust and asset management plans).

	As at 31 December 2025	2024
Financial investments – credit related financial assets		
– Trust and asset management plans	2,292,022	2,449,967
Accrued interest	165,877	174,094
Gross amount	2,457,899	2,624,061
Less: ECL allowance	(219,820)	(513,551)
Net amount	2,238,079	2,110,510

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20 FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS (Continued)

Analysis by type of collateral:

	As at 31 December	
	2025	2024
Unsecured	399,980	182,000
Guaranteed	1,788,292	2,051,717
Pledged	103,750	216,250
Total	2,292,022	2,449,967

The movement of ECL of financial investments – credit related financial assets is as follows:

	Financial investments – credit related financial assets			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2025	48,106	–	465,445	513,551
Charge/(reverse) for the year	3,364	–	(272,684)	(269,320)
Other movements	–	–	(24,411)	(24,411)
As at 31 December 2025	51,470	–	168,350	219,820

	Financial investments – credit related financial assets			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2024	36,180	–	622,973	659,153
Charge/(reverse) for the year	11,926	–	(157,528)	(145,602)
As at 31 December 2024	48,106	–	465,445	513,551

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20 FINANCIAL INVESTMENTS – CREDIT RELATED FINANCIAL ASSETS (Continued)

The movement on gross amount (excluding interest receivable) of financial investments – credit related financial assets is as follows:

Gross amount	Financial investments – credit related financial assets			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	1,821,617	–	628,350	2,449,967
Net increase/(decrease) for the year	302,055	–	(460,000)	(157,945)
As at 30 June 2025	2,123,672	–	168,350	2,292,022

Gross amount	Financial investments – credit related financial assets			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	1,579,650	–	638,350	2,218,000
Net increase/(decrease) for the year	241,967	–	(10,000)	231,967
As at 31 December 2024	1,821,617	–	628,350	2,449,967

21 FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2025	2024
Financial investments – measured at fair value through profit or loss		
– Listed in Hong Kong	–	128,184
– Listed outside Hong Kong	3,813,178	6,048,815
– Unlisted ⁽¹⁾	24,060,792	26,690,603
Total	27,873,970	32,867,602

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21 FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(1) Unlisted financial investments measured at fair value through profit or loss are set out below:

	As at 31 December	
	2025	2024
Financial investments – measured at fair value through profit or loss (Unlisted)		
– Treasury bonds	363,740	226,162
– Policy bank bonds	454,087	534,646
– Commercial bank bonds	13,697,778	7,495,494
– Short-term financing instruments	–	4,069,953
– Corporate bonds	1,029,146	3,506,989
– Mutual funds	6,302,693	9,725,797
– Trust and asset management plans	2,178,982	1,097,196
– Equity investments at fair value	34,366	34,366
Total	24,060,792	26,690,603

The Group's unlisted bonds are traded in the inter-bank bond market in Mainland China.

(2) Financial investments measured at fair value through profit or loss by the issuer are set out below:

	As at 31 December	
	2025	2024
Financial investments – measured at fair value through profit or loss		
– Governments	363,740	226,162
– Policy banks	454,087	534,646
– Commercial banks	13,697,778	7,495,494
– Other financial institutions	8,380,811	10,748,259
– Corporates	4,977,554	13,863,041
Total	27,873,970	32,867,602

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22 FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2025	2024
Financial investments – measured at FVTOCI		
– Listed in Hong Kong	–	35,942
– Listed outside Hong Kong	39,306	478,718
– Unlisted ⁽¹⁾	4,424,059	2,773,642
Subtotal	4,463,365	3,288,302
Accrued interest	37,677	60,837
Total	4,501,042	3,349,139

- (1) Unlisted financial investments measured at fair value through other comprehensive income are set out below:

	As at 31 December	
	2025	2024
Financial investments – measured at FVTOCI		
– Treasury bonds	2,382,274	1,246,036
– Local government bonds	1,175,300	213,945
– Policy bank bonds	642,607	1,043,228
– Commercial bank bonds	59,855	–
– Corporate bonds	164,023	270,433
Total	4,424,059	2,773,642

The Group's unlisted bonds are traded in the inter-bank bond market in Mainland China.

- (2) Financial investments measured at fair value through other comprehensive income by the issuer are set out below:

	As at 31 December	
	2025	2024
Financial investments – measured at FVTOCI		
– Government	3,557,574	1,459,981
– Policy banks	642,607	1,043,228
– Commercial banks	59,855	–
– Corporates	203,329	785,093
Total	4,463,365	3,288,302

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22 FINANCIAL INVESTMENTS – MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(3) The movement of ECL allowance of financial investments – measured at FVTOCI is as follows:

	Financial investments – measured at FVTOCI			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2025	18,896	–	–	18,896
Charge/(reverse) for the year	(15,083)	–	(632)	(15,715)
Recoveries of bonds previously written off	–	–	632	632
As at 31 December 2025	3,813	–	–	3,813

	Financial investments – measured at FVTOCI			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2024	62,763	–	10,704	73,467
Charge/(reverse) for the year	(43,869)	–	109,965	66,096
Write-offs	–	–	(120,669)	(120,669)
Other movements	2	–	–	2
As at 31 December 2024	18,896	–	–	18,896

23 FINANCIAL INVESTMENTS – MEASURED AT AMORTISED COST

	As at 31 December	
	2025	2024
Financial investments – measured at amortised cost		
– Listed outside Hong Kong	2,233,705	2,701,168
– Unlisted ⁽¹⁾	22,308,365	17,009,362
Subtotal	24,542,070	19,710,530
Accrued interest	429,190	430,980
Subtotal	24,971,260	20,141,510
Less: ECL allowance	(706,620)	(577,495)
Total	24,264,640	19,564,015

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23 FINANCIAL INVESTMENTS – MEASURED AT AMORTISED COST (Continued)

(1) Unlisted financial investments measured at amortised cost are set out below:

	As at 31 December	
	2025	2024
Financial investments – measured at amortised cost		
– Treasury bonds	5,960,647	2,133,428
– Local government bonds	1,824,497	399,180
– Policy bank bonds	11,005,188	11,341,242
– Corporate bonds	1,201,916	1,361,216
– NFRA regulated ABS	19,337	16,100
– Collective trust plans	2,296,780	1,758,196
Total	22,308,365	17,009,362

(2) Financial investments – measured at amortised cost by the issuer are set out below:

	As at 31 December	
	2025	2024
Financial investments – measured at amortised cost		
– Government	7,785,144	2,532,608
– Policy bank	11,005,188	11,341,242
– Commercial banks	19,337	16,100
– Trust	2,296,780	1,758,196
– Corporate	3,435,621	4,062,384
Total	24,542,070	19,710,530

(3) The movement of ECL allowance of financial investments – measured at amortised cost is as follows:

	Financial investments – measured at amortised cost			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2025	157,508	64,645	355,342	577,495
Charge/(reverse) for the year	11,948	6,464	110,713	129,125
As at 31 December 2025	169,456	71,109	466,055	706,620

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23 FINANCIAL INVESTMENTS – MEASURED AT AMORTISED COST (Continued)

(3) The movement of ECL allowance of financial investments – measured at amortised cost is as follows: (Continued)

	Financial investments measured at amortised cost			
	12-month ECL for Stage 1	Lifetime ECL for Stage 2	Lifetime ECL for Stage 3	Total
As at 1 January 2024	134,694	345,132	299,013	778,839
Transfer:				
– to stage 1	73,005	(73,005)	–	–
– to stage 2	(4,599)	4,599	–	–
– to stage 3	–	(272,060)	272,060	–
Charge/(reverse) for the year	(45,592)	59,979	463,781	478,168
Write-offs	–	–	(679,512)	(679,512)
As at 31 December 2024	157,508	64,645	355,342	577,495

The movement on gross amount (excluding accrued interest) of financial investments – measured at amortised cost is as follows:

	Financial investments – measured at amortised cost			
	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2025	18,841,648	149,082	719,800	19,710,530
Net Increase/(decrease) for the year	4,836,970	(5,430)	–	4,831,540
As at 31 December 2025	23,678,618	143,652	719,800	24,542,070

	Financial investments measured at amortised cost			
	Stage 1	Stage 2	Stage 3	Total
Gross amount				
As at 1 January 2024	13,651,593	928,586	600,000	15,180,179
Transfer:				
– to stage 1	208,586	(208,586)	–	–
– to stage 2	(149,082)	149,082	–	–
– to stage 3	–	(719,800)	719,800	–
Net increase/(decrease) for the year	5,130,551	(200)	–	5,130,351
Write-offs	–	–	(600,000)	(600,000)
As at 31 December 2024	18,841,648	149,082	719,800	19,710,530

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24 INVESTMENT IN A SUBSIDIARY

On 25 December 2025, the Bank obtained the approval from the Sichuan Provincial Bureau of the State Financial Regulatory Administration in relation to the acquisition of a 21% equity shares of Luxian Yuantong Rural Bank. On 29 December 2025, the Bank completed the acquisition of an additional 21% equity shares of Luxian Yuantong Rural Bank with a cash consideration of RMB40,824 thousand and Luxian Yuantong Rural Bank completed the relevant change of business registration on the same date. Upon completion of the acquisition, the Bank holds a 51% equity interest in Luxian Yuantong Rural Bank and has the right to determine material operating and decision-making matters. The Bank obtained control over Luxian Yuantong Rural Bank on 29 December 2025 and consolidated it into the Group's consolidated financial statements.

On the acquisition date, the fair value of the identifiable net assets acquired by the Bank was RMB41,691 thousand, which was the same as the carrying amount of the identifiable net assets. Based on management's assessment, the acquisition did not have a material impact on the consolidated financial statements as a whole.

Yuantong Rural Bank was established on 12 August 2009, with a registered capital of RMB30 million. Yuantong Rural Bank was established upon the initiative of the Bank, with the Bank's capital contribution ratio and voting rights ratio both at 51%. The principal business of Yuantong Rural Bank includes taking deposits, granting loans, conducting interbank borrowing, etc.

25 INVESTMENT IN AN ASSOCIATE

	As at 31 December	
	2025	2024
Balance at the end of the year	-	57,542

The Bank invested in and established Luxian Yuantong Rural Bank on 8 April 2009. The registered capital of the invested enterprise was RMB30 million, of which the Bank contributed RMB9 million, accounting for 30%. On 29 December 2025, the Bank directly held a 51% equity interest in Luxian Yuantong Rural Bank, obtained control over it and consolidated the invested enterprise into the Group's consolidated financial statements. Further disclosures are disclosed in Note 24.

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26 PROPERTY AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment	Office equipment	Construction in progress	Total
Cost						
As at 1 January 2025	925,919	10,332	268,415	72,584	298,682	1,575,932
Transfer upon consolidation	2,685	979	1,786	1,304	-	6,754
Additions	-	1,227	32,042	3,361	593,465	630,095
Disposals	-	(202)	-	-	-	(202)
Transfer to long-term deferred expenses	-	-	-	-	(105,406)	(105,406)
Transfer to intangible assets	-	-	-	-	(3,314)	(3,314)
As at 31 December 2025	928,604	12,336	302,243	77,249	783,427	2,103,859
Accumulated depreciation						
As at 1 January 2025	(263,739)	(8,127)	(202,045)	(47,452)	-	(521,363)
Transfer upon consolidation	(884)	(907)	(1,503)	(1,085)	-	(4,379)
Depreciation charge	(42,126)	(345)	(25,376)	(6,010)	-	(73,857)
Disposals	-	192	-	-	-	192
As at 31 December 2025	(306,749)	(9,187)	(228,924)	(54,547)	-	(599,407)
Net book value						
As at 31 December 2025	621,855	3,149	73,319	22,702	783,427	1,504,452
Cost						
As at 1 January 2024	908,355	11,253	238,980	71,106	216,926	1,446,620
Additions	12,452	-	36,315	6,474	117,517	172,758
Transfer of construction in progress	5,112	-	-	-	(5,112)	-
Disposals	-	(921)	(6,880)	(4,996)	-	(12,797)
Transfer to long-term deferred expenses	-	-	-	-	(21,750)	(21,750)
Transfer to intangible assets	-	-	-	-	(8,899)	(8,899)
As at 31 December 2024	925,919	10,332	268,415	72,584	298,682	1,575,932
Accumulated depreciation						
As at 1 January 2024	(222,254)	(7,650)	(175,938)	(43,748)	-	(449,590)
Depreciation charge	(41,485)	(1,353)	(32,428)	(8,448)	-	(83,714)
Disposals	-	876	6,321	4,744	-	11,941
As at 31 December 2024	(263,739)	(8,127)	(202,045)	(47,452)	-	(521,363)
Net book value						
As at 31 December 2024	662,180	2,205	66,370	25,132	298,682	1,054,569

As at 31 December 2025, the net amount of buildings, for which registrations for the property ownership certificates had not been completed, were RMB1,194 thousand (31 December 2024: RMB1,272 thousand). The directors are of the view that this does not have significant impact on the rights of the Group to use these assets.

None of the land or property the Group owned is located in Hong Kong.

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27 DEFERRED INCOME TAX ASSETS

Movements in the deferred income tax account are as follows:

	Year ended 31 December	
	2025	2024
Balance at the beginning of the year	1,708,908	1,451,661
Transfer upon consolidation	5,811	–
Income tax expense (Note 15)	232,946	249,766
Changes in fair value of financial investments measured at FVTOCI	13,906	(20,681)
Changes in ECL allowance of financial investments measured at FVTOCI	(10,626)	28,162
Balance at the end of the year	1,950,945	1,708,908

Deferred income tax assets and liabilities are attributable to the following items:

	As at 31 December 2025		As at 31 December 2024	
	Temporary differences	Deferred income tax assets/(liabilities)	Temporary differences	Deferred income tax assets/(liabilities)
Deferred income tax assets				
Asset impairment allowances	7,015,989	1,753,997	6,615,272	1,653,818
Unrealised losses on fair value measurements of financial investments measured at FVTPL	14,283	3,571	–	–
Payroll payable	789,468	197,367	614,346	153,586
Others	104,304	26,076	107,939	26,985
Subtotal	7,924,044	1,981,011	7,337,557	1,834,389
Deferred tax liabilities				
Unrealised gains on fair value measurement of financial investments measured at FVTPL	–	–	(326,807)	(81,702)
Unrealised gains on fair value measurement of financial investments measured at FVTOCI	(11,892)	(2,973)	(67,517)	(16,879)
Others	(108,371)	(27,093)	(107,599)	(26,900)
Subtotal	(120,263)	(30,066)	(501,923)	(125,481)
Net deferred income tax assets	7,803,781	1,950,945	6,835,634	1,708,908

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28 OTHER ASSETS

	As at 31 December	
	2025	2024
Right-of-use assets ⁽¹⁾	108,371	107,599
Long-term deferred expenses	103,484	51,488
Repossessed assets ⁽²⁾	58,812	54,415
Other receivables	40,377	35,260
Office building prepayment	28,948	440,646
Intangible assets ⁽³⁾	23,232	20,259
Interest receivable from customer loans	19,214	19,297
Prepaid expenses	8,049	18,347
Investment properties ⁽⁴⁾	573	573
Clearing and settlement ⁽⁵⁾	43,499	–
Less: Impairment allowance	(14,442)	(9,153)
Total	420,117	738,731

(1) Right-of-use assets

	Buildings
Cost	
As at 1 January 2025	203,217
Transfer upon consolidation	3,812
Additions	31,722
Decreases	(21,176)
As at 31 December 2025	217,575
Accumulated depreciation	
As at 1 January 2025	(95,618)
Transfer upon consolidation	(1,772)
Charge for the year	(32,990)
Decreases	21,176
As at 31 December 2025	(109,204)
Net book value	
As at 31 December 2025	108,371

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28 OTHER ASSETS (Continued)

(1) Right-of-use assets (Continued)

	Buildings	Office equipment	Total
Cost			
As at 1 January 2024	200,865	110	200,975
Additions	13,991	–	13,991
Decreases	(11,639)	(110)	(11,749)
As at 31 December 2024	203,217	–	203,217
Accumulated depreciation			
As at 1 January 2024	(71,653)	(99)	(71,752)
Charge for the year	(35,604)	(11)	(35,615)
Decreases	11,639	110	11,749
As at 31 December 2024	(95,618)	–	(95,618)
Net book value			
As at 31 December 2024	107,599	–	107,599

(2) Repossessed assets

	Properties & Plants
As at 1 January 2025	54,415
Transfer upon consolidation	8,068
Additions	26,279
Disposals	(29,950)
As at 31 December 2025	58,812
As at 31 December 2024	
As at 1 January 2024	324,877
Additions	31,347
Disposals	(301,809)
As at 31 December 2024	54,415

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28 OTHER ASSETS (Continued)

(3) Intangible assets

	Software
Cost	
As at 1 January 2025	82,886
Additions	13,483
Transfers from Construction in progress	3,314
As at 31 December 2025	99,683
Accumulated amortisation	
As at 1 January 2025	(62,627)
Amortisation expense	(13,824)
As at 31 December 2025	(76,451)
Net book value	23,232
Software	
Cost	
As at 1 January 2024	70,941
Additions	3,046
Transfers from Construction in progress	8,899
As at 31 December 2024	82,886
Accumulated amortisation	
As at 1 January 2024	(51,896)
Amortisation expense	(10,731)
As at 31 December 2024	(62,627)
Net book value	20,259

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For the year ended 31 December 2025
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28 OTHER ASSETS (Continued)

(4) Investment properties

	Year ended 31 December	
	2025	2024
Cost		
Balance at the beginning of the year	11,453	11,453
Balance at the end of the year	11,453	11,453
Accumulated depreciation		
Balance at the beginning of the year	(10,880)	(10,798)
Charge for the year	-	(82)
Balance at the end of the year	(10,880)	(10,880)
Net book value		
Balance at the end of the year	573	573

The analysis of the value of investment properties by remaining leasehold period are as follows:

	As at 31 December	
	2025	2024
Located in the PRC		
Leased out (within 10 years)	330	330
Unleased	243	243
Total	573	573

- (5) The clearing and settlement are balances in the UnionPay settlement funds and the interbank payment and clearing system for urban commercial banks, etc..

29 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December	
	2025	2024
Repurchase agreements – securities	4,756,950	589,000
Placements from banks and other financial institutions	766,938	1,560,397
Due to banks and other financial institutions	360,942	434,910
Accrued interest	27,743	6,874
Total	5,912,573	2,591,181

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30 CUSTOMER DEPOSITS

	As at 31 December	
	2025	2024
Corporate demand deposits	46,825,421	40,296,213
Including:		
<i>Guarantee deposits</i>	2,336,455	1,545,209
Corporate time deposits	16,526,508	12,256,315
Individual demand deposits	20,876,235	17,656,345
Individual time deposits	68,566,148	62,069,911
Accrued interest	3,761,488	3,035,556
Total	156,555,800	135,314,340

31 DEBT SECURITIES ISSUED

	As at 31 December	
	2025	2024
Inter-bank certificates of deposit	13,867,832	8,618,991
Fixed rate tier 2-capital debt – 2030 ⁽¹⁾	–	1,500,000
Fixed rate tier 2-capital debt – 2032 ⁽²⁾	800,000	800,000
Fixed rate tier 2-capital debt – 2035 ⁽³⁾	1,799,660	–
Fixed rate SME debt – 2027 ⁽⁴⁾	1,800,000	1,800,000
Accrued interest	26,036	27,173
Total	18,293,528	12,746,164

(1) The Group issued RMB0.8 billion tier 2 capital debt in September 2020. The term of these capital debt lasts for 10 years, and the fixed interest rate is 5.00%. The Group has redeemed the debt at the par value as a whole on 29 September 2025, the last day of the interest-bearing year with early redemption option embedded, under NFRA Sichuan division's permission in advance and the Group's capital structure fulfills related capital requirements.

The Group issued RMB0.7 billion tier 2 capital debt in November 2020. The term of these capital debt lasts for 10 years, and the fixed interest rate is 4.80%. The Group has redeemed the debt at the par value as a whole on 13 November 2025, the last day of the interest-bearing year with early redemption option embedded, under NFRA Sichuan division's permission in advance and the Group's capital structure fulfills related capital requirements.

(2) The Group issued RMB0.8 billion tier 2 capital debt in November 2022. The term of this capital debt lasts for 10 years, and the fixed interest rate is 4.60%. The Group has an option to redeem the debt at the par value partially or as a whole on 1 November 2027, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA Sichuan division's permission is acquired in advance and the Group's capital structure fulfills related capital requirements if the redemption is exercised.

Notes to the Financial Statements

For the year ended 31 December 2025

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31 DEBT SECURITIES ISSUED (Continued)

- (3) The Group issued RMB1.8 billion tier 2 capital debt in September 2025. The term of this capital debt lasts for 10 years, and the fixed interest rate is 2.95%. The Group has an option to redeem the debt at the par value partially or as a whole on 29 September 2030, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA Sichuan division's permission is acquired in advance and the Group's capital structure fulfills related capital requirements if the redemption is exercised.

The tier 2 capital debts the Group issued have the write-down feature, which allows the Group to write down the entire principals of the debts when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. According to the relevant NFRA regulations, the tier 2 capital debt issued meets the standards of qualified tier 2 capital instruments.

- (4) The Group issued RMB1.8 billion special financial debt for loans to small and micro enterprises (the "SME debt") in November 2024. The term of this SME debt lasts for 3 years, and the fixed interest rate is 2.29%. The Group has no option to redeem the bond before maturity.

As at 31 December 2025, the Group did not have any default in debt issued or certificates of deposit, or any other default (as at 31 December 2024: nil).

32 OTHER LIABILITIES

	As at 31 December	
	2025	2024
Employee benefits payable	797,372	614,346
Other payables	425,878	189,091
Clearing and settlement ⁽¹⁾	403,079	13,119
Lease liabilities	104,304	107,939
Provisions	44,717	30,131
Contract liabilities	30,657	30,657
Dividends payable	18,129	16,837
Security deposits	9,116	8,457
Custodial ABS fund payable	7,210	64,522
Others	3,673	7,587
Total	1,844,135	1,082,686

- (1) The clearing and settlement are balances in the UnionPay settlement funds and the interbank payment and clearing system for urban commercial banks, etc..

Notes to the Financial Statements

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33 SHARE CAPITAL AND CAPITAL SURPLUS

All shares of the Group issued are fully paid ordinary shares. The par value per share is RMB1.00. The number of shares is as follows:

	As at 31 December	
	2025	2024
Number of shares	2,717,752	2,717,752

Generally, transactions of the following nature are recorded in the capital surplus:

- (a) Share premium arising from the issue of shares at prices in excess of their par value;
- (b) Donations received from shareholders; and
- (c) Any other items required by the PRC regulations to be so treated.

Capital surplus can be utilised for increasing capital as approved by the shareholders.

As at 31 December 2025 and 2024, capital surplus is shown as follow:

	As at 1 December 2025	Deduction	As at 31 December 2025
Share premium	1,786,355	(3,176)	1,783,179

	As at 1 December 2024	Deduction	As at 31 December 2024
Share premium	1,786,355	–	1,786,355

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34 OTHER EQUITY INSTRUMENTS

34.1 Perpetual bonds

34.1.1 Perpetual bonds outstanding at the end of the year

	Issue date	Accounting classification	Original interest rate	Issue price	Amount in shares	In RMB (thousands)	Maturity
24 Luzhou Bank Perpetual bonds	31 Dec 2024	Equity	2.80%	RMB100/bond	6,000,000	600,000	No fixed maturity date
25 Luzhou Bank Perpetual bonds	13 Jun 2025	Equity	2.75%	RMB100/bond	18,000,000	1,800,000	No fixed maturity date
Total						2,400,000	
Less: Issue fees						(453)	
Carrying amount						2,399,547	

34.1.2 Main clauses

With the approval of relevant Chinese regulatory authorities, the Bank issued perpetual bonds in the inter-bank bond market on 31 December 2024, with a total face value of RMB0.6 billion and a par value of RMB100. The interest rate of the perpetual bonds does not contain any interest rate step-up mechanism or any other redemption incentives. The coupon rate is determined by a benchmark rate plus a fixed spread, and it will be adjusted every 5 years, the coupon rate for the first 5 years is 2.80%.

With the approval of relevant Chinese regulatory authorities, the Bank issued perpetual bonds in the inter-bank bond market on 13 June 2025, with a face value of RMB1.8 billion and a par value of RMB100. The interest rate of the perpetual bonds does not contain any interest rate step-up mechanism or any other redemption incentives. The coupon rate is determined by a benchmark rate plus a fixed spread, and it will be adjusted every 5 years, the coupon rate for the first 5 years is 2.75%.

With the approval of relevant Chinese regulatory authorities, the Bank redeemed perpetual bonds in the inter-bank bond market on 18 March 2025 and 11 June 2025, with a total face value of RMB1.7 billion.

The perpetual bonds will continue to be outstanding so long as the Group's business continues to operate. After five years from the issuance of the perpetual bonds, the Group may redeem the perpetual bonds in whole or in part on each distribution payment date. Upon the occurrence of Write-down Event, the Group has the right, subject to the approval of the NFRA, to write down whole or part of the aggregate amount of the perpetual bonds without the consent of bondholders. The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Group's shareholders and rank pari passu with the claims of any other Additional Tier 1 Capital instruments that rank pari passu with the perpetual bonds.

The distributions on the perpetual bonds are non-cumulative. The Group shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Group may freely use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Group will not distribute income to ordinary shareholders until it decides to start paying full distributions to the bondholders.

The net proceeds from the Group's issuance of the above bonds, after deducting related offering expenses, will be used to replenish the Additional Tier 1 Capital.

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34 OTHER EQUITY INSTRUMENTS (Continued)

34.1 Perpetual bonds (Continued)

34.1.3 Changes in perpetual bonds outstanding

	1 January 2025		Increase/(decrease) for the year		31 December 2025	
	Quantity (Unit)	Carry Value	Quantity (Unit)	Carry Value	Quantity (Unit)	Carry Value
20 Luzhou Bank Perpetual bonds (First tranche)	10,000,000	1,000,000	(10,000,000)	(1,000,000)	-	-
20 Luzhou Bank Perpetual bonds (Second tranche)	7,000,000	700,000	(7,000,000)	(700,000)	-	-
24 Luzhou Bank Perpetual bonds	6,000,000	600,000	-	-	6,000,000	600,000
25 Luzhou Bank Perpetual bonds	-	-	18,000,000	1,800,000	18,000,000	1,800,000
Total	23,000,000	2,300,000	1,000,000	100,000	24,000,000	2,400,000

The 20 Luzhou Bank Perpetual bonds (First tranche) were redeemed in March 2025. The 20 Luzhou Bank Perpetual bonds (Second tranche) were redeemed in June 2025.

35 OTHER RESERVES

	Surplus reserve ⁽¹⁾	General reserve ⁽²⁾	Revaluation reserve of financial assets at FVTOCI	Impairment allowances for financial assets at FVTOCI	Total
Balance at 1 January 2025	838,507	2,105,856	50,636	17,102	3,012,101
Other comprehensive income Addition	-	-	(41,719)	31,879	(9,840)
	153,956	154,870	-	-	308,826
Balance at 31 December 2025	992,463	2,260,726	8,917	48,981	3,311,087
	Surplus reserve ⁽¹⁾	General reserve ⁽²⁾	Revaluation reserve of financial assets at FVTOCI	Impairment allowances for financial assets at FVTOCI	Total
Balance at 1 January 2024	710,941	1,926,188	(11,407)	101,587	2,727,309
Other comprehensive income Addition	-	-	62,043	(84,485)	(22,442)
	127,566	179,668	-	-	307,234
Balance at 31 December 2024	838,507	2,105,856	50,636	17,102	3,012,101

Notes to the Financial Statements

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35 OTHER RESERVES (Continued)

(1) Surplus reserve

In accordance with the “Company Law of the People’s Republic of China” and the Bank’s Articles of Association, 10% of the net distributable profit of the Bank, is required to be transferred to a non-distributable statutory reserve until such time when this reserve represents 50% of the share capital of the Bank. With approval, statutory surplus reserve can be used for making up losses or increasing the share capital.

(2) General reserve

The Bank is bound by “Administrative Measures for General Reserve of Financial Institutions” (CAIJIN [2012] No. 20) issued by the Ministry of Finance. According to these requirements, the general reserve should not be lower than the 1.5% of the year end risk-weighted assets. For financial institutions with difficulty meeting the 1.5% threshold, they are allowed to gradually meet the requirement over no more than 5 years.

On 22 March 2024, the Board of Directors of the Bank proposed that 1.5% of the risk-weighted assets at the end of 2023 should be appropriated to general risk reserve amounting to RMB195,850 thousand. This proposal was approved at the General Meeting held on 22 May 2024.

On 20 March 2025, the Board of Directors of the Bank proposed that 1.5% of the risk-weighted assets at the end of 2024 should be appropriated to general risk reserve amounting to RMB148,210 thousand. This proposal was approved at the General Meeting held on 30 June 2025.

As at 31 December 2025, the ending balance of general reserve was RMB2,260,726 thousand (as at 31 December 2024: RMB2,105,856 thousand).

36 OTHER COMPREHENSIVE INCOME FOR THE YEAR

	Before tax amount	Tax benefit/ (expense)	Net of tax amount
Year ended 31 December 2025			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial investments measured at FVTOCI	(55,625)	13,906	(41,719)
Expected credit losses of financial investments measured at FVTOCI	42,505	(10,626)	31,879
Other comprehensive income/(losses) for the year	(13,120)	3,280	(9,840)

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36 OTHER COMPREHENSIVE INCOME FOR THE YEAR (Continued)

	Before tax amount	Tax (expense)/ benefit	Net of tax amount
Year ended 31 December 2024			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial investments measured at FVTOCI	82,724	(20,681)	62,043
Expected credit losses of financial investments measured at FVTOCI	(112,647)	28,162	(84,485)
Other comprehensive income/(losses) for the year	(29,923)	7,481	(22,442)

37 DIVIDENDS

On 23 March 2026, the Board of Directors of the Bank has proposed a resolution to distribute cash dividends for the year ended 31 December 2024 to shareholders on the basis of RMB1.3 (tax inclusive) for every 10 shares held, totaling RMB353,308 thousand (tax inclusive). Such dividends payable are not reflected in the liabilities of the consolidated financial statements.

The forementioned proposal will be presented to the coming Annual General Meeting (AGM). Should the proposal be approved at the AGM, the Bank expects to complete the profit distribution within 2 months after the AGM.

On 26 March 2025, the Board of Directors of the Bank has proposed a resolution to distribute cash dividends for the year ended 31 December 2024 to shareholders on the basis of RMB1.2 (tax inclusive) for every 10 shares held, totaling RMB326,130 thousand (tax inclusive). The proposed resolution has been approved by the Annual General Meeting held on 30 June 2025 and such distribution was completed during the period ended 31 December 2025.

38 NOTES TO STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flow, cash and cash equivalents comprise the following balances with original maturity of less than three months used for the purpose of meeting short-term cash commitments:

	As at 31 December	
	2025	2024
Cash and balances with the central bank	5,411,992	3,028,624
Due from and placements with banks and other financial institutions	205,789	493,539
Total	5,617,781	3,522,163

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39 COLLATERALS

(a) Assets pledged

Assets pledged as collateral are mainly for repurchase agreements and PBOC re-lending. All of these arrangements will be mature within 12 months from the date they take effect (as at 31 December 2024: same). The carrying amount of these collaterals are listed below:

	As at 31 December	
	2025	2024
Debt securities	10,879,496	6,359,000
Loans	–	2,264,480
Total	10,879,496	8,623,480

(b) Collateral accepted

The Group received bond as collateral in connection with the reverse repurchase agreements. The Group has not accepted collateral that can be resold or repledged. The Group is obligated to return the collateral at the agreed return date. The fair value of the collateral is RMB7,779,800 thousand as at 31 December 2025 (as at 31 December 2024: RMB210,600 thousand). The Group did not resell or repledge such collateral.

40 STRUCTURED ENTITIES

(a) Consolidated structured entities

As at 31 December 2025	Book value
Financial investments – credit related financial assets	2,238,079
Financial investments – measured at amortised cost	817,604
Total	3,055,683

As at 31 December 2024	Book value
Financial investments – credit related financial assets	2,110,510
Financial investments – measured at amortised cost	698,518
Total	2,809,028

The Group enjoys rights in structured entities established by third parties through directly holding investments. The underlying assets are debt investments including loans, industry funds and unlisted corporate bonds. For the years ended 31 December 2025 and 2024, the Group did not provide financial support to the above-mentioned consolidated structured entities.

The Group's interest income obtained from the above-mentioned structured entities are as follows:

	Year ended 31 December	
	2025	2024
Interest income	191,108	189,421

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40 STRUCTURED ENTITIES (Continued)

(b) Unconsolidated structured entities

(i) Unconsolidated structured entities managed by the Group

The unconsolidated structure entities managed by the Group are mainly non-principal-guaranteed wealth management products issued and managed by the Group acting as asset manager. Based on the analysis and research on the potential targeted clients, the Group designs and sells wealth management products to targeted clients, and the raised funds are then put into related financial market or invested in related financial products according to the product contracts. Investment returns would be allocated to investors according to the product contracts. The Group receives corresponding wealth management commission fee income as the asset manager. The Group has not provided any financial support to the wealth management products for the year.

The Group assesses its control on the non-principal-guaranteed wealth management products. The Group takes a fiduciary role on these wealth management products and has no contractual obligation to repay the principal or interest. The risk exposure of the products is mainly from the fluctuation of the expected return of the bonds market and the performance of trust plans. The risk of loss is borne by the investors. The Group earns the net fee and commission income from the products.

As at 31 December 2025, the balance of unconsolidated wealth management products issued and managed by the Group was RMB8,386,993 thousand (as at 31 December 2024: RMB9,882,354 thousand).

(ii) Unconsolidated structured entities invested by the Group

In order to increase the return of excessive funds, the Group invests in unconsolidated structured entities including funds and trusts issued and managed by third parties. The Group classified the investments in the unconsolidated structured entities as financial assets at FVTPL or amortised cost (for the year ended 31 December 2024: same).

The table below lists the book value (including accrued interest) and maximum credit risk exposure of the assets as a result of the holdings of benefits from unconsolidated structured entities.

	Book value	Maximum risk exposure
As at 31 December 2025		
Financial investments – fair value through profit or loss	8,903,502	8,903,502
Financial investments – measured at amortised cost	3,257,139	3,257,139
Total	12,160,641	12,160,641
As at 31 December 2024		
Financial investments – fair value through profit or loss	10,822,911	10,822,911
Financial investments – measured at amortised cost	1,737,309	1,737,309
Total	12,560,220	12,560,220

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40 STRUCTURED ENTITIES (Continued)

(b) Unconsolidated structured entities (Continued)

(ii) Unconsolidated structured entities invested by the Group (Continued)

For the years ended 31 December 2025 and 2024, the interest income, net gains on financial investments and fee and commission income from the above unconsolidated structured entities invested by the Group were:

	Year ended 31 December	
	2025	2024
Interest income	171,909	86,589
Net gains on financial investments	138,362	236,762
Net gains on trading activities	5,404	–
Total	315,675	323,351

For the year ended 31 December 2025, the Group had not provided any financial or other support to unconsolidated structured entities invested by the Group (for the year ended 31 December 2024: nil).

41 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES

41.1 Capital expenditure commitments

	As at 31 December	
	2025	2024
Contracted but not provided for:		
– Acquisition of IT system	114,852	129,684
– Capital expenditure commitments for buildings	71,096	168,471
– Office equipment	9,872	–
Subtotal	195,820	298,155
Authorised but not contracted for:		
– Acquisition of IT system	114,660	37,850
Subtotal	114,660	37,850
Total	310,480	336,005

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For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

41 FINANCIAL GUARANTEES AND CREDIT RELATED COMMITMENTS, OTHER COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

41.2 Credit commitments

The following tables indicate the contractual amounts of the Group's financial guarantees and credit related commitments which the Group commits to extend to customers:

	As at 31 December	
	2025	2024
Letters of credit	2,666,536	38,425
Bank acceptance notes	1,726,693	1,710,036
Guarantees	1,068,180	143,447
Fiscal business card commitments	27,760	19,582
Total	5,489,169	1,911,490

41.3 Legal proceedings

The Group has involved as defendants in certain lawsuits arising from its normal business operations, and no significant outstanding legal claims as at 31 December 2025 (as at 31 December 2024: nil).

42 FIDUCIARY ACTIVITIES

The Group grants entrusted loans on behalf of third-party lenders. Those assets that are held in a fiduciary capacity are not included in the consolidated statement of financial position.

	As at 31 December	
	2025	2024
Entrusted loans	2,493,585	1,817,482

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For the year ended 31 December 2025
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43 RELATED PARTY TRANSACTIONS

43.1 Related party relationships of the Bank

The related parties of the Bank mainly include: the Bank's major shareholders, entities controlled or jointly controlled by the major shareholders, the subsidiary of the Bank, and the key management personnel (including the Bank's directors and senior management) and their family members who have close relationships with them as well as the entities which are controlled, joint controlled or can be significantly influenced by the Bank's key management personnel or their close family members.

As at 31 December 2025 and 31 December 2024. The major shareholders of the Bank, holding 5% or more of the equity interest in the Bank, or holding less than 5% of the equity interest of the Bank but able to exercise significant influence over the operation and management of the Bank, were as follows:

Name of shareholders	31 December 2025		31 December 2024	
	Number of shares held share '000	Percentage %	Number of shares held share '000	Percentage %
Luzhou Laojiao Group Co., Ltd.	390,528	14.37	390,528	14.37
Sichuan Jiale Enterprise Group Co., Ltd.	325,440	11.97	325,440	11.97
Luzhou Xinfu Mining Group Co., Ltd.	325,440	11.97	325,440	11.97
Luzhou Finance Bureau	193,854	7.13	193,854	7.13
Luzhou State Owned Assets Management Co., Ltd.	173,568	6.39	173,568	6.39
Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd.	110,059	4.05	110,059	4.05
Luzhou Industrial Development Investment Group Co., Ltd.	88,232	3.25	88,155	3.24
Luzhou Xinglu Asset Management Co., Ltd.	62,154	2.29	62,154	2.29
Luzhou Laojiao Co., Ltd.	43,392	1.60	43,392	1.60
Luzhou Fundamental Infrastructure Construction Investment Co., Ltd.	18,007	0.66	18,007	0.66
Sichuan Lutianhua Co., Ltd.	13,017	0.48	13,017	0.48
Sichuan Luzhou Jiale Real Estate Co., Ltd.	8,678	0.32	8,678	0.32
Lutianhua Group Co., Ltd.	241	0.01	241	0.01
Total	1,752,610	64.49	1,752,533	64.48

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For the year ended 31 December 2025
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43 RELATED PARTY TRANSACTIONS (Continued)

43.2 Related party transactions of the Bank

Transactions between the Bank and related parties are conducted in accordance with general commercial terms and normal business procedures. The pricing principle is consistent with that of an independent third-party transaction. The related party transactions of the Bank are as follows:

(1) Customer loans (including discounted bills)

	As at 31 December	
	2025	2024
Major shareholders	–	69,000
Other related companies	3,081,822	3,083,616
Related person	15,549	19,688
Total	3,097,371	3,172,304

(2) Loan interest income (including discounted bills)

	Year ended 31 December	
	2025	2024
Major shareholders	3,982	18,193
Other related companies	200,054	134,707
Related person	704	782
Total	204,740	153,682

(3) Due to customers, banks and other financial institutions

	As at 31 December	
	2025	2024
Major shareholders	9,787,623	8,896,284
Other related companies	4,214,541	3,282,086
Related person	189,156	272,950
Total	14,191,320	12,451,320

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For the year ended 31 December 2025
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43 RELATED PARTY TRANSACTIONS (Continued)

43.2 Related party transactions of the Bank (Continued)

(4) Interest expenses arising from due to customers, banks and other financial institutions

	Year ended 31 December	
	2025	2024
Major shareholders	46,836	149,302
Other related companies	47,897	38,006
Related person	2,360	6,657
Total	97,093	193,965

(5) Other receivables and pre-payments

	As at 31 December	
	2025	2024
Major shareholders	70	70
Other related companies	236	26
Related person	12	14
Total	318	110

(6) Financial investments – measured at fair value through profit or loss

	As at 31 December	
	2025	2024
Major shareholders	–	4,616
Other related companies	–	67,079
Total	–	71,695

(7) Net gains/(losses) on financial investments – measured at fair value through profit or loss

	Year ended 31 December	
	2025	2024
Major shareholders	–	(277)
Other related companies	–	5,711
Total	–	5,434

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For the year ended 31 December 2025
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43 RELATED PARTY TRANSACTIONS (Continued)

43.2 Related party transactions of the Bank (Continued)

(8) Interest income from financial investments – measured at fair value through other comprehensive income

	Year ended 31 December	
	2025	2024
Major shareholders	–	506
Total	–	506

(9) Fees and commission income

	Year ended 31 December	
	2025	2024
Other related companies	319	3,855
Related person	–	1
Total	319	3,856

(10) Key management compensation

Key management personnel refer to those who have authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank conducts normal banking transactions with key management personnel in its daily operations. Among the key management personnel, employee supervisors do not receive remuneration in their capacity as employee supervisors. The amount of remuneration for key management personnel represents the pre-tax remuneration accrued and actually paid in the reporting period and received from the Bank during the reporting period, which is subject to the approval of relevant national authorities. The emoluments for the years ended 31 December 2024 have been approved and restated accordingly.

The remuneration of key management personnel during the years are as follows:

	Year ended 31 December	
	2025	2024
Remuneration, salary, allowances and benefits	6,649	2,986
Discretionary bonuses	610	13,228
Contribution to pension schemes	281	266
Total	7,540	16,480

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For the year ended 31 December 2025
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43 RELATED PARTY TRANSACTIONS (Continued)

43.2 Related party transactions of the Bank (Continued)

(11) Loans guarantees provided by related parties to the Bank

	As at 31 December 2025		
	Corporate loans	Personal loans	Total
Luzhou Xinglu Financing Guarantee Group Co., Ltd.	1,331,166	5,000	1,336,166
Luzhou Development Financing Guarantee Co., Ltd.	415,460	–	415,460
Luxian Agriculture and SMEs Financing Guarantee Co., Ltd.	325,904	800	326,704
Luzhou Jintong Financing Guarantee Co., Ltd.	136,840	–	136,840
Sichuan Hongxin Financing Guarantee Co., Ltd.	26,600	–	26,600
Luzhou Xinglu Agricultural Financing Guarantee Co., Ltd.	14,000	–	14,000
Total	2,249,970	5,800	2,255,770

	As at 31 December 2024		
	Corporate loans	Personal loans	Total
Luzhou Xinglu Financing Guarantee Group Co., Ltd.	1,377,180	–	1,377,180
Luzhou Development Financing Guarantee Co., Ltd.	422,400	–	422,400
Luzhou Jintong Financing Guarantee Co., Ltd.	143,476	9,640	153,116
Luxian Agriculture and SMEs Financing Guarantee Co., Ltd.	93,150	–	93,150
Sichuan Hongxin Financing Guarantee Co., Ltd.	56,200	9,900	66,100
Luzhou Xinglu Agricultural Financing Guarantee Co., Ltd.	16,500	–	16,500
Total	2,108,906	19,540	2,128,446

For the years ended 31 December 2025 and 2024, the fees for the guarantee services provided by the related parties to the borrowers of the Bank are paid by the borrowers, and the Bank does not pay any fees to the related parties.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

43 RELATED PARTY TRANSACTIONS (Continued)

43.2 Related party transactions of the Bank (Continued)

(12) Property leasing and management

Luzhou Xinglu Asset Management Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of five years from 2 May 2021 to 1 May 2026. The rent of 2025 is RMB241,152 (The rent of 2024 is RMB229,672).

Luzhou Development Asset Management Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of three years from 1 May 2023 to 30 April 2026. The rent of 2025 is RMB832,320 (The rent of 2024 is RMB816,000).

Yijia Real Estate Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of ten years from 1 August 2016 to 31 July 2026. The rent of 2025 is RMB100,548 (The rent of 2024 is RMB95,743).

Luzhou Xinglu Jutai Construction Engineering Group Co., Ltd., a related party of the Bank, leases a property located in Luzhou City, Sichuan Province to the Bank for a period of three years from 1 September 2022 to 31 August 2025. It has been renewed for an additional three years upon expiration, with the new term ending on 31 August 2028. The rent of 2025 is RMB368,648 (The rent of 2024 is RMB380,772).

On August 29 2024, the Bank entered into a Property Services Agreement (“the Agreement”) with Luzhou LaoJiao Property Services Co., Ltd., (LLPS). Bidders were selected through an open tender process. Under the Agreement, LLPS will provide integrated property services for the Bank’s headquarters office building. The term of the Agreement is three years, and the contract will be signed annually with first year effective from July 24 2024, to July 23 2025 and second year effective from July 24 2025, to July 23 2026. The maximum annual service fee under the Agreement is RMB8,980,000 (tax-inclusive), equivalent to a monthly service fee of RMB748,333.34 (tax-inclusive). Monthly payments will be settled based on the actual number of customer served, not exceeding the monthly service fee cap. The service fee of 2025 is RMB8,846,545.92 (The service fee of 2024 is RMB3,681,213.30).

These related party transactions are conducted in accordance with general commercial terms and normal business procedures, and their pricing principles are consistent with those of independent third-party transactions.

(13) Government related entities

The transactions between the Bank and the government related entities proceed under normal commercial terms and conditions. These transactions mainly include provision of deposits and agency service. The Bank considers that transactions with these entities are activities conducted in the ordinary course of business. The Bank has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are government related entities.

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For the year ended 31 December 2025
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43 RELATED PARTY TRANSACTIONS (Continued)

43.2 Related party transactions of the Bank (Continued)

(14) Commitments provided by the Bank to related parties

	Year ended 31 December	
	2025	2024
Other related companies	-	113,374
Total	-	113,374

(15) Others

The range of interest rates of the above transactions with related parties is listed as follows:

	Year ended 31 December	
	2025	2024
Customer loans	3.39%-7.50%	2.48%-7.50%
Customer deposits	0.02%-4.80%	0.10%-5.23%
Financial investments – measured at fair value through other comprehensive income	N/A	5.50%
Financial investments – measured at fair value through profit or loss	N/A	5.85%-6.68%

44 SEGMENT ANALYSIS

The Group's operating segments are business units which provide different financial products and service and are engaged in different types of financial transactions. As different operating segments face different clients and counterparties supported by specific techniques and market strategies, they operate independently.

The Group has 4 operating segments: corporate banking, retail banking, financial markets, and other categories.

Corporate banking mainly provides corporate customers with financial products and services including deposits and loans.

Retail banking mainly provides individual customers with financial products and services including deposits and loans.

Financial markets mainly performs inter-bank lending and borrowing, bonds investment and re-purchasing activities, etc.

Others are those businesses not included in the above three segments or cannot be allocated with appropriate basis.

Notes to the Financial Statements

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44 SEGMENT ANALYSIS (Continued)

	Year ended 31 December 2025				Total
	Corporate Banking	Retail Banking	Financial Markets	Others	
Net interest income/(expense) from external customers	5,220,642	(1,621,126)	474,090	-	4,073,606
Inter-segment net interest (expense)/income	(2,066,445)	2,672,269	(605,824)	-	-
Net interest income/(expense)	3,154,197	1,051,143	(131,734)	-	4,073,606
Net fee and commission income	20,309	61,467	3,983	248	86,007
Net gains on trading activities	-	-	568,771	-	568,771
Net gains on financial investments	-	-	90,315	-	90,315
Other operating income	-	-	-	41,986	41,986
Operating income	3,174,506	1,112,610	531,335	42,234	4,860,685
Operating expense	(1,474,601)	(163,449)	(414,824)	(11,320)	(2,064,194)
– Depreciation and amortisation	(114,263)	(19,562)	(66,394)	(1,958)	(202,177)
– Others	(1,360,338)	(143,887)	(348,430)	(9,362)	(1,862,017)
Expected credit losses	(531,673)	(330,621)	155,046	(108)	(707,356)
Other assets impairment losses	(5,385)	(570)	(1,379)	(37)	(7,371)
Share of profit of an associate	-	-	-	2,017	2,017
Profit before income tax	1,162,847	617,970	270,178	32,786	2,083,781
Capital expenditure commitments	157,412	37,375	112,803	2,890	310,480
As at 31 December 2025					
Segment assets	114,423,854	19,590,027	66,487,416	1,960,620	202,461,917
Segment liabilities	(65,492,388)	(93,022,388)	(30,197,382)	(17,891)	(188,730,049)

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For the year ended 31 December 2025
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44 SEGMENT ANALYSIS (Continued)

	Year ended 31 December 2024				Total
	Corporate Banking	Retail Banking	Financial Markets	Others	
Net interest income/(expense) from external customers	4,639,498	(1,600,951)	480,121	-	3,518,668
Inter-segment net interest (expense)/income	(2,003,081)	2,209,508	(206,427)	-	-
Net interest income	2,636,417	608,557	273,694	-	3,518,668
Net fee and commission income	17,310	146,271	9,408	517	173,506
Net gains on trading activities	-	-	939,889	-	939,889
Net gains on financial investments	-	-	259,888	-	259,888
Other operating income	-	-	-	317,062	317,062
Operating income	2,653,727	754,828	1,482,879	317,579	5,209,013
Operating expense	(1,102,224)	(172,808)	(461,542)	(57,745)	(1,794,319)
- Depreciation and amortisation	(95,029)	(20,116)	(61,827)	(1,852)	(178,824)
- Others	(1,007,195)	(152,692)	(399,715)	(55,893)	(1,615,495)
Expected credit losses	(958,475)	(272,807)	(393,421)	(102)	(1,624,805)
Other assets impairment losses	(4,816)	(730)	(1,911)	(267)	(7,724)
Share of profit of an associate	-	-	-	2,599	2,599
Profit before income tax	588,212	308,483	626,005	262,064	1,784,764
Capital expenditure commitments	170,353	40,448	122,077	3,127	336,005
As at 31 December 2024					
Segment assets	90,871,348	19,235,619	59,121,654	1,770,951	170,999,572
Segment liabilities	(53,755,170)	(82,621,803)	(22,061,785)	(120,410)	(158,559,168)

There is no high reliance of the Group to any of the major external customers.

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45 FINANCIAL RISK MANAGEMENT

Overview

The Group's operating activities are exposed to various risks. The principal financial risks include credit risk, market risk (including currency risk, interest rate risk and other price risks), liquidity risk, etc. Financial risk management includes identifying, analyzing, evaluating, reporting, controlling or accepting and mitigating risks of varying degrees and risk portfolios. Risk-taking is a core characteristic of financial business, and conducting business will inevitably involve risks. Therefore, the Group's objective is to maintain a balance between risk prevention and control and business development returns, and to minimize potential adverse impacts on its financial position.

The Group has formulated risk management policies and procedures including risk appetite, risk limits, stress testing and contingency plans, with the purpose of identifying and assessing risks to detect and analyze such risks, so as to establish appropriate risk limits and control measures, monitor risks and control risk limits through reliable and continuously updated systems. The Group regularly conducts post-review of risk management policies and procedures and analysis of risk profile, and timely optimizes risk management strategies and systems to reflect changes in the market and products and emerging best practice.

The Board of Directors of the Bank bears ultimate responsibility for risk management. It is responsible for approving major risk management policies and procedures, including risk management strategies, risk appetite and the basic comprehensive risk management system, and supervising the senior management in implementing risk management. The senior management is responsible for formulating and improving risk management policies and procedures such as risk management strategies, risk appetite and risk limits, conducting regular risk analysis and assessment, and reporting to the Board of Directors.

45.1 Credit risk

The Group is exposed to credit risk, which is the risk that a customer or counterparty will be unable to or unwilling to meet its obligations under a contract. Changes in the economy or those in credit quality of a particular industry segment or concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Credit risk increases when the counterparties are in the similar geographical or industry segments. Credit exposures arise principally from customer loans, debt securities and due from banks and other financial institutions. There are also credit risk exposures in off-balance sheet financial arrangements such as loan commitments, guarantees, acceptances and letters of credit.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.1 Credit risk measurement

(a) *Credit business*

The Group measures and monitors the quality of its credit assets in accordance with Measures for Risk Classification of Financial Assets for Commercial Banks and Measures for Risk Classification of Micro Enterprise loans (Trial Implementation) issued by the NFRA and CBIRC. The classification of loans is based on the borrowers' repayment ability, payment history, willingness of repayment, guarantee of loans, legal responsibility and loan administration. The Guidelines of Risk Classification of Loans require financial institutions to classify their credit assets into five categories, namely pass, special mention, substandard, doubtful and loss, of which the last three categories are non-performing loans. For personal loans and small and micro enterprise loans with remaining balances of less than RMB10 million, number of overdue days is also an important indicator for loan classification.

The five categories are defined as follows:

Pass: The borrower can fulfil the contracts, and there is no objective evidence to suspect that the principal, interest and earnings cannot be repaid in full and on time.

Special mention: The borrower has the ability to make payments for the principal, interest and earnings, although there are factors that could have adverse impact on their ability to fulfill the contracts.

Substandard: The borrower is unable to repay the principal, interest, or earnings in full, or the financial asset is subjected to credit impairment.

Doubtful: The borrower is unable to repay the principal, interest, or earnings in full, and the financial asset has experienced significant credit impairment.

Loss: After taking all possible measures, the recovery of financial asset is likely to be little or nil.

Risk Management Department coordinates the classification of loans. The classification of loans is performed by the principle of regular comprehensive classification and timely adjustment. The responsible departments perform initial classification, after which Credit Management Department, Risk Compliance Department of Chengdu Branch, Key Customer Business Risk and Internal Control Department, Huirongtong Small and Micro Loan Center and Risk Compliance Office of IT Innovation Center perform initial review on the classifications proposed by respective departments. Risk Management Department summarises the classification information reviewed by the related departments, conducts secondary review and reports the classification results and all relevant information to Risk Management Committee for final approval. The classification of loans is monitored and adjusted through related credit management system.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.1 Credit risk measurement (Continued)

(b) *Financial market business*

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

For debt securities investments, unified credit authorisation management is responsible for managing the credit risk exposed to debt securities investments. The Group performs unified credit review and approval and exposure management to the bond issuers invested. The Group regards the external credit ratings of the bonds invested as a significant content of bond credit risk management to enhance the credit risk control.

Debt investments other than debt securities include investments in fund trust schemes, asset management plans and securities investment funds set up by banking financial institutions. The Group implements a granting system for accepting trust companies, securities companies and fund companies, sets credit limits for ultimate borrowers of trust plans, targeted asset management plans, and carries out continuous risk management on a regular basis.

The Group manages the credit quality of due from, placements with and loans to banks and other financial institutions considering the size, financial position and the external credit rating of the banks and financial institutions, managing them with limit exposures.

45.1.2 Risk limit control and mitigation policies

(a) *Credit business*

The Group takes the same credit risk management control procedure for on and off-balance sheet risk exposures. The risk control procedure of the Group's credit risk includes the following: credit policy stipulating, pre-credit investigation, risk assessment, collateral assessment, examination and approval of credit loans, draw-down, post-loan management, management on non-performing loans, due-diligence on non-performing loans.

Unified credit authorisation management is implemented for group customers. Once the maximum credit limit of a group customer is determined, the customer's exposure limit should not exceed its credit limit in the Group at any time before it obtains new credit limit.

The Group takes action to strengthen controls over credit risk in relation to group customers and related party customers. The Group places limits in relation to key group customers to control credit risk. For related party transactions, ordinary related party transactions are approved in accordance with the internal authorization system and then filed with the committee of related party transactions. Material related party transactions are reviewed by the committee of related party transactions and then submitted to the Board of Directors for approval. The independent directors all issue independent opinions on material related party transactions.

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is taking collateral, which is common practice.

Notes to the Financial Statements

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.2 Risk limit control and mitigation policies (Continued)

(a) *Credit business (Continued)*

Except for few customers with excellent quality, the Group requires the borrowers to provide credit enhancements for loans. The types of credit enhancements mainly includes collateral, pledge and guarantee. The detailed collateral type and amount is determined by credit risk of counterparty or customers.

The Group employs a range of asset valuation companies to value the collaterals. The Group generally accepts assets with clear values as collaterals, such as deposit receipt and real estate.

(b) *Financial market business*

The Group manages financial market business with hierarchical authorisation for different business types such as purchase, distribution, trade and repurchase of debt securities.

The Group conducts necessary assessments on the risk status and loss of trading investment bonds. The Group sets stop-loss point based on analysis of trend of macroeconomic situation and monetary policy. The Group places limits for inter-bank borrowing and lending. The Group manages the credit risk exposures of inter-bank borrowing and lending strictly within the limit of regulation and credit authorisation. The Group conducts approvals strictly on a case-by-case basis within the authorised limit.

The debt securities traders, as timely monitors of changes in market interest rates, regularly review and monitor the changes of market interest and report the market value of debt securities to Risk Management Department. If there is any volatility of interest rate in the market or any significant credit risk encountered to debtors, the business department responsible for security investment will arrange Risk Management Department of head office to conclude an emergency plan. The debt trader will react according to the plan.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.3 Collateral and guarantee

The Group has a range of policies and practices intended to mitigate credit risk. The most useful practice is to accept collaterals. The Group implements guidelines on the acceptability of specific classes of collateral. The Group differentiates maximum loan-to-value ratio taking into account type and liquidity of collaterals. The follow-up management of the collateral is carried out by the related business management department. The principal types of collateral for corporate loans and personal loans are as follows:

Type of Collateral	Maximum loan-to-value ratio
Collaterals	
Residential and commercial properties	60%
Land use rights for commercial, residential and comprehensive use	50%
Land use rights for industrial use	40%
Office building	50%
Warehouse	40%
Plants, woees or office and warehouse in non-urban area	40%
Forestry, trees and woodland usage rights	40%
Construction in progress	50%
Pledges	
Security deposits	100%
Certificates of deposits	90%
Treasury bonds and bank cheques	90%
Debt securities issued by corporations with rating of AA or above	50%
Shares and equities	50%
Warehouse receipts and bills of lading	50%
Creditor's receivables (excluding project income rights)	50%

Mortgage loans to retail customers are generally collateralised by residential properties. Other loans are collateralised according to the nature of the loan.

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

Collateral held as security for financial assets other than customer loans is determined by the nature of the instrument.

Collateral is also held as part of reverse repurchase agreements. Details of collateral accepted and which the Group is obligated to return are disclosed in Note 39.

Notes to the Financial Statements

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.4 Measurement of expected credit losses

Expected credit losses is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows expected to be received by the Group discounted at the original effective interest rate, i.e. the present value of all cash shortfalls. In accordance with IFRS 9, the Group classified the financial instruments into three stages. Stage 1 includes performing financial instruments that are “not credit-impaired on initial recognition”. The Group needs to measure ECLs over the next 12 months. If the remaining maturity is less than 12 months, the Group only needs to measure ECLs for the remaining maturity. Stage 2 includes financial instruments that have had significant increase in credit risk since initial recognition. Stage 3 includes credit-impaired financial assets. Lifetime ECLs are recognised for those financial instruments in stage 2 and stage 3.

The Group accounts for and recognises ECL allowance on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments made by the Group other than financial liabilities measured at fair value through profit or loss, and financial guarantee contracts not measured at fair value through profit or loss.

Risk grouping

The Group classifies risk groupings by considering different business natures and customer types, industry distributions of the Group’s assets, changes in the industry non-performing ratios and types of retail business products through available historical, current and forward-looking information.

3-stage classification

According to IFRS 9, 3-stage classification criteria need to be clearly specified. Financial instruments that are “not credit-impaired on initial recognition” are classified in stage 1 and the 12-month ECL is calculated. If “a significant increase in credit risk” is identified, the financial instrument will be moved to stage 2 and the lifetime ECL is calculated. If the financial instrument is credit-impaired, the financial instrument will be moved to stage 3. The detailed classification criteria have been set up, taking into consideration the overdue days, etc.

The stages are transferable. For example, when the credit risk of financial instruments classified in stage 1 significantly increases, they will be transferred to stage 2.

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For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(1) *Financial assets with significant increase in credit risk*

When triggering one or more of the following quantitative or qualitative criteria, the Group determines that the credit risk of financial instruments has increased significantly.

Quantitative criteria

- The principal or interest of the contract is overdue for more than 30 days, but less than 90 days.
- The five-category classification is downgraded to “special mention”.
- The debtor’s external credit rating (facility rating or obligor rating) has been downgraded to BBB or below.
- The debtor’s debt has been extended, exclude credit risk exposure that credit risk has not significantly increased with the Group approval.

Qualitative criteria

- Changes in the economic, technological or legal environment in which the debtor is operating at the present time or in the near future, thereby having negative impacts on the debtor’s repayment ability.
- Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which reflect growing potential risk and financial assets which could cause losses to the Group.

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For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(2) Definition of default and loss incurred

When a financial instrument meets one or more of the following conditions, the Group considers the financial asset as being defaulted. The same set of criteria is also applicable to the definition of loss incurred.

Quantitative criteria

- The principal or interest of the contract is overdue for more than 90 days.
- The five-category classifications are “substandard”, “doubtful” or “loss”.
- The debtor’s external credit rating (facility rating or obligor rating) has been downgraded to C or below.

Qualitative criteria

- The debtor is likely to go bankrupt or carry out other financial restructuring.
- The issuer of financial instruments held by the Group has serious financial difficulties.
- The Group has made concessions to the debtor in financial difficulty for economic or legal reasons.
- The market of related financial instruments is deserted due to the debtor’s financial difficulty.
- It is becoming probable that the debtor will go bankrupt.

The above criteria apply to all financial instruments of the Group. The definition of default is consistently applied to the calculation of the Group’s ECL, including the probability of default (PD), exposure at default (EAD), and loss given default (LGD).

Financial assets can be migrated between stages. However, restrictions are set for up-stage migration of corporate banking business. Credit exposures in stage 3 should only be migrated to stage 2 if the debtor has met the repayment schedule for at least two consecutive repayment periods or six months and is expected to demonstrate such payment behaviour in the future. Stage 3 credit exposures should not be migrated directly to stage 1.

(3) Measurement of expected credit loss: explanation of parameters, assumptions and estimation techniques

Depending on whether there is a significant increase in credit risk and whether the assets have been impaired, the Group will measure the ECL for different assets for 12 months or the entire life of the asset. ECL is the product of PD, EAD and LGD after term adjustment and discount. Related definitions are as follows.

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For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(3) *Measurement of expected credit loss: explanation of parameters, assumptions and estimation techniques (Continued)*

Probability of default (PD) refers to the probability that the debtor will not be able to fulfil his obligations in the next 12 months or throughout the remaining maturity. The Group builds the migration matrix based on historical data to calculate the 4-quarter probability of default, and derives the lifetime default probability from the 4-quarter probability of default through the Markov chain model.

Loss given default (LGD) is the percentage of risk exposure loss at the time of default. The LGD varies depending on the type of counterparty and the availability of collateral or other credit support.

Exposure at default (EAD) refers to the amount that the Group should pay when the default occurs in the next 12 months or throughout the remaining maturity. The Group's EAD is determined by the expected repayment arrangements, and varies for different types of products. For repayments by installments and one-time repayments, the Group determines the EAD according to the repayment plan stipulated in the contract.

The Group determines the ECL by forecasting the PD, LGD and EAD of every single debt. The Group multiplies the three items. This approach can effectively calculate the ECLs for future periods, then discount the results of each period to the report date and add up. The discount rate used in the ECL calculation is the effective interest rate or its approximate value.

(4) *Establishment of impairment model*

The Group has established macro-economic forecast model, with reference to external economic forecasts. The Group conducts forecasts regularly and establishes three possible economic scenarios: optimistic, basic and pessimistic. Basic scenario is defined as the most probable situation, which sets the benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better and worse than basic scenario respectively.

The impairment model is established using a top-down approach. The Group has developed several corporate, retail and inter-bank impairment models, including regression models for different macro-economic indicators such as gross domestic product (GDP), consumer price index (CPI), Investment in fixed assets, and uses MERTON formula and historical default information to make "forward-looking" adjustments to PD which ensures the provision calculation is "forward-looking".

For asset portfolios that impairment model cannot be established, for example, when customers' default rate is extremely low or assets without an appropriate internal rating method, the Group mainly uses mapping derived from external rating or expected loss rate of similar portfolios.

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(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(4) *Establishment of impairment model (Continued)*

(a) *Forwarding-looking information included in ECL model*

ECL calculation involves forward-looking information. The Group identifies the key economic indicators affecting the credit risk and ECL of each asset portfolio, through historical data analysis.

These economic indicators and their impact on PD differ for different financial instruments, which involve expert judgments. The Group annually makes forecasts on these economic indicators (“basic economic scenarios”) and provides the best economic forecasts for the next two years. The Group believes that the economic indicators from two years later to the end of the maturity of financial instruments tend to maintain average or average growth, and thus uses the mean regression method. The impact of these economic variables on the PD has been determined by performing MERTON model analysis to understand the impact of historical changes on PD, EAD and LGD.

The Group reviews the key parameters and assumptions used in the ECL calculation annually, taking into account external economic developments, industry changes and regional risks, and makes necessary updates and adjustments.

The Group sets other possible scenarios and scenario weightings according to external data. Based on the analysis for each major portfolio and the number of scenarios, the Group keeps their non-linear characteristics. The Group reassesses the number and characteristics of scenarios annually. On 31 December 2025, the Group’s three scenarios (basic, optimistic and pessimistic) can properly reflect the non-linear characteristics of each portfolio. The Group determines scenario weightings through statistical analysis and expert credit judgment, and also considers the possible range of outcomes represented by scenarios. The Group recognises the 12-month or lifetime ECL for financial instruments in stage 1, 2, and 3. The Group measures the weighted-average ECL allowance for 12-month (stage 1) and weighted-average ECL for lifetime (stage 2 and stage 3), which is calculated by multiplying the ECL under each scenario by their weightings respectively, rather than by weighting the parameters. On 31 December 2025, the weightings allocated to each economic scenario were 60% basic, 10% optimism and 30% pessimism (31 December 2024: the weightings allocated to each economic scenario were 60% basic, 10% optimism and 30% pessimism).

Similar to other economic predictions, there is high inherent uncertainty in the prediction and estimation of probability. Therefore, the actual results may turn out to be significantly different from the prediction. The Group believes that these predictions reflect the best estimation of possible outcomes, and the chosen scenarios can represent possible scenarios appropriately.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.4 Measurement of expected credit losses (Continued)

3-stage classification (Continued)

(4) *Establishment of impairment model (Continued)*

(b) *Hypothesis on Economic Indicators*

As at 31 December 2025, the Group has assessed and forecasted the key macro-economic basic indicators for 2025 are as follows:

Indicator	Applicable range for respective future periods
Growth rate of GDP	4.0%-5.0%

(c) *Sensitivity Analysis*

ECLs are sensitive to the parameters used in the model, the forward-looking macroeconomic variables, the weighted probabilities of three scenarios, and other factors considered in the application of expert judgment. Changes in these input parameters, assumptions, models and judgments will have an impact on the determination of significant increase in credit risk and the measurement of ECL.

The Group conducts sensitivity analysis on the core economic indicators used in forward-looking measurement. As at 31 December 2025, when the predicted value of the core economic indicators in the main scenarios increase or decrease by 10%, the respective decrease or increase in loan loss allowance will not exceed 5%.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements:

(a) *Maximum exposure to credit risk – Financial instruments subject to impairment*

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	As at 31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
Assets				
Balances with the central bank	13,535,392	-	-	13,535,392
Due from and placements with banks and other financial institutions	7,249,550	-	-	7,249,550
Customer loans	116,159,858	2,198,527	425,328	118,783,713
Financial investments – credit related financial assets	2,092,099	-	145,980	2,238,079
Financial investments – measured at fair value through other comprehensive income	4,501,042	-	-	4,501,042
Financial investments – measured at amortised cost	23,793,125	75,824	395,691	24,264,640
Other financial assets	36,633	3,828	18,524	58,985
Total	167,367,699	2,278,179	985,523	170,631,401
Off balance sheet guarantees and commitments	5,489,169	-	-	5,489,169

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.5 Maximum exposure to credit risk before collateral held or other credit enhancements: (Continued)

(a) Maximum exposure to credit risk – Financial instruments subject to impairment (Continued)

	As at 31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Assets				
Balances with the central bank	10,130,289	–	–	10,130,289
Due from and placements with banks and other financial institutions	729,137	–	–	729,137
Customer loans	95,412,764	2,665,849	506,422	98,585,035
Financial investments – credit related financial assets	1,777,214	–	333,296	2,110,510
Financial investments – measured at fair value through other comprehensive income	3,349,139	–	–	3,349,139
Financial investments – measured at amortised cost	18,992,944	87,718	483,353	19,564,015
Other financial assets	39,938	5,263	8,827	54,028
Total	130,431,425	2,758,830	1,331,898	134,522,153
Off balance sheet guarantees and commitments	1,911,490	–	–	1,911,490

(b) Maximum exposure to credit risk – Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL):

	As at 31 December	
	2025	2024
Assets		
Financial investments – measured at fair value through profit or loss		
– Bond investments	19,357,929	22,010,243
– Mutual funds	6,302,693	9,725,797
– Trust and asset management plans	2,178,982	1,097,196
Total	27,839,604	32,833,236

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.6 Customer loans

Customer loans are summarised as follows:

	As at 31 December 2025			Total
	Corporate loans	Personal loans	Discounted bills	
Stage 1	105,433,770	11,302,168	2,821,406	119,557,344
Stage 2	2,950,825	143,221	–	3,094,046
Stage 3	909,259	566,034	–	1,475,293
Total	109,293,854	12,011,423	2,821,406	124,126,683
Accrued Interest	626,315	76,887	–	703,202
Less: ECL allowance ⁽ⁱ⁾	(5,299,719)	(746,453)	–	(6,046,172)
Net amount	104,620,450	11,341,857	2,821,406	118,783,713

	As at 31 December 2024			Total
	Corporate loans	Personal loans	Discounted bills	
Stage 1	84,971,473	12,810,795	202,219	97,984,487
Stage 2	3,748,323	129,471	–	3,877,794
Stage 3	916,197	492,192	–	1,408,389
Total	89,635,993	13,432,458	202,219	103,270,670
Accrued Interest	557,815	99,088	–	656,903
Less: ECL allowance ⁽ⁱ⁾	(4,643,219)	(699,319)	–	(5,342,538)
Net amount	85,550,589	12,832,227	202,219	98,585,035

(i) As at 31 December 2025, ECL recognised by the Group for Discounted bills – FVTOCI was RMB61,493 thousand (as at 31 December 2024: RMB3,905 thousand).

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.6 Customer loans (Continued)

(a) Stage-3 collateralised and pledged loans

	31 December 2025		31 December 2024	
	Carrying amount	Fair value of collateral held	Carrying amount	Fair value of collateral held
Credit-impaired assets (Stage 3)				
Customer loans				
– Corporate loans	41,483	235,873	154,827	243,224
– Personal loans	83,968	133,800	76,396	101,777
Total	125,451	369,673	231,223	345,001

The fair value of collaterals is estimated based on the latest available external valuations, the realisation experience of the current collaterals and the market conditions.

(b) Restructured customer loans

Restructuring activities include rescheduled restructuring plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue to be made. These policies are under regular review. Restructuring is most commonly applied to term loans, in particular mid-term and long-term loans.

	As at 31 December	
	2025	2024
Restructured customer loans	454,936	405,869

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.6 Customer loans (Continued)

(c) *Overdue customer loans by security and overdue date*

	Overdue for				Total
	Overdue for 1 to 90 days	90 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	
As at 31 December 2025					
Unsecured loans	103,786	223,956	92,360	2,957	423,059
Guaranteed loans	108,253	240,735	20,665	200,000	569,653
Collateralised loans	133,463	209,082	378,883	12,800	734,228
Pledged loans	730	1,828	10	8	2,576
Total	346,232	675,601	491,918	215,765	1,729,516

	Overdue for				Total
	Overdue for 1 to 90 days	90 days to 1 year	Overdue for 1 to 3 years	Overdue for over 3 years	
As at 31 December 2024					
Unsecured loans	83,436	204,757	52,852	1,986	343,031
Guaranteed loans	197,317	17,575	44,032	200,000	458,924
Collateralised loans	221,869	246,632	265,037	11,194	744,732
Pledged loans	1,482	1,991	113	8	3,594
Total	504,104	470,955	362,034	213,188	1,550,281

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.6 Customer loans (Continued)

(d) Industry analysis

Concentration risks analysis for customer loans (gross) by industry sectors:

	As at 31 December 2025		As at 31 December 2024	
	Amount	%	Amount	%
Corporate loans				
Leasing and commercial services	35,292,285	28.27	30,329,828	29.18
Construction	35,044,082	28.07	31,802,235	30.60
Wholesale and retail	18,406,151	14.74	9,723,067	9.37
Real estate	7,387,618	5.92	8,056,124	7.75
Manufacturing	2,428,965	1.95	1,910,400	1.85
Financial services	2,103,242	1.68	1,424,460	1.37
Water, environment and public utility management	1,829,821	1.47	1,373,235	1.32
Scientific research and technology services	1,513,641	1.21	1,399,889	1.35
Transportation, storage and postage services	1,443,130	1.16	1,315,734	1.27
Production and supply of electricity, heat, gas and water	899,760	0.72	470,600	0.45
Information transmission, software and IT services	858,798	0.69	707,574	0.68
Accommodation and catering	775,371	0.62	488,574	0.47
Agriculture, forestry, animal husbandry and fishery	736,788	0.59	293,653	0.28
Education	192,300	0.15	111,050	0.11
Household, maintenance and other services	163,882	0.13	51,417	0.05
Culture, sports and entertainment	110,467	0.09	97,900	0.09
Sanitation and social work	84,160	0.07	36,205	0.03
Mining	23,393	0.02	44,048	0.04
Discounted bills	2,821,406	2.26	202,219	0.19
Total corporate loans	112,115,260	89.81	89,838,212	86.45
Personal business loans	8,486,729	6.79	9,304,998	8.95
Residential mortgages	1,992,530	1.60	2,247,679	2.16
Personal consumption loans	1,532,164	1.23	1,879,781	1.81
Total personal loans	12,011,423	9.62	13,432,458	12.92
Accrued Interest	703,202	0.57	656,903	0.63
Total customer loans excluding ECL allowance	124,829,885	100.00	103,927,573	100.00

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.6 Customer loans (Continued)

(e) *Type of collateral analysis*

Analysis for customer loans (gross) by type of collateral:

	As at 31 December	
	2025	2024
Unsecured loans	46,081,883	37,518,989
Guaranteed loans	63,193,095	49,914,638
Collateralised loans	10,123,574	12,834,062
Pledged loans	4,728,131	3,002,981
Accrued interest	703,202	656,903
Total	124,829,885	103,927,573

45.1.7 Investment securities

As at 31 December 2025 and 2024, RMB securities are rated by domestic rating agencies.

The rating results of investment securities are as follows:

	As at 31 December 2025			Total
	Financial investments – measured at FVTPL	Financial investments – measured at FVTOCI	Financial investments – measured at amortised cost	
RMB				
AAA	431,877	888,484	2,571,140	3,891,501
AA– to AA+	939,515	13,031	2,400	954,946
A– to A+	–	–	3,600	3,600
Unrated ^(a)	25,065,138	3,561,850	21,964,930	50,591,918
Accrued Interest	–	37,677	429,190	466,867
Less: ECL allowance	N/A	N/A	(706,620)	(706,620)
Subtotal	26,436,530	4,501,042	24,264,640	55,202,212
Foreign currency				
Unrated	1,403,074	–	–	1,403,074
Accrued Interest	–	–	–	–
Less: ECL allowance	N/A	N/A	–	–
Subtotal	1,403,074	–	–	1,403,074
Total	27,839,604	4,501,042	24,264,640	56,605,286

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.7 Investment securities (Continued)

The rating results of investment securities are as follows: (Continued)

	As at 31 December 2024			Total
	Financial investments – measured at FVTPL	Financial investments – measured at FVTOCI	Financial investments – measured at amortised cost	
RMB				
AAA	1,781,558	247,073	1,315,826	3,344,457
AA– to AA+	2,705,997	–	196,900	2,902,897
BBB	–	–	4,600	4,600
Unrated ^(a)	27,615,792	3,005,287	18,193,204	48,814,283
Accrued Interest	–	60,676	430,980	491,656
Less: ECL allowance	N/A	N/A	(577,495)	(577,495)
Subtotal	32,103,347	3,313,036	19,564,015	54,980,398
Foreign currency				
Unrated	729,889	35,942	–	765,831
Accrued Interest	–	161	–	161
Less: ECL allowance	N/A	N/A	–	–
Subtotal	729,889	36,103	–	765,992
Total	32,833,236	3,349,139	19,564,015	55,746,390

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.7 Investment securities (Continued)

(a) *Unrated securities dominated in RMB*

As at 31 December 2025	Financial investments – measured at FVTPL	Financial investments – measured at FVTOCI	Financial investments – measured at amortised cost	Total
Treasury bonds	363,740	2,382,274	5,960,647	8,706,661
Local government bonds	–	346,671	360,411	707,082
Policy bank bonds	454,087	642,607	11,005,188	12,101,882
Medium-term notes	108,582	164,023	–	272,605
Certificates of deposit	13,694,794	–	–	13,694,794
Privately raised corporate bond	1,377,994	26,275	2,341,904	3,746,173
Corporate bonds	160,184	–	–	160,184
NFRA regulated ABS	2,984	–	–	2,984
Mutual funds	6,302,693	–	–	6,302,693
Trust and asset management plans	2,178,982	–	2,296,780	4,475,762
Private placement notes	421,098	–	–	421,098
Total	25,065,138	3,561,850	21,964,930	50,591,918

As at 31 December 2024	Financial investments – measured at FVTPL	Financial investments – measured at FVTOCI	Financial investments – measured at amortised cost	Total
Treasury bonds	226,162	1,246,036	2,133,428	3,605,626
Local government bonds	–	–	119,180	119,180
Policy bank bonds	534,646	1,043,228	11,341,242	12,919,116
Short-term financing instruments	4,069,953	–	–	4,069,953
Medium-term notes	683,434	241,245	–	924,679
Certificates of deposit	6,707,141	–	–	6,707,141
Privately raised corporate bond	3,432,122	474,778	2,841,158	6,748,058
NFRA regulated ABS	2,784	–	–	2,784
Mutual funds	9,725,797	–	–	9,725,797
Trust and asset management plans	1,097,196	–	1,758,196	2,855,392
Private placement notes	1,136,557	–	–	1,136,557
Total	27,615,792	3,005,287	18,193,204	48,814,283

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.7 Investment securities (Continued)

Financial investments – measured at amortised cost are summarised as follows:

	As at 31 December	
	2025	2024
Stage 1	23,678,618	18,841,648
Stage 2	143,652	149,082
Stage 3	719,800	719,800
Add: Accrued interest	429,190	430,980
Gross amount	24,971,260	20,141,510
Less: ECL allowance	(706,620)	(577,495)
Net amount	24,264,640	19,564,015

Financial investments – credit related financial assets are summarised as follows:

	As at 31 December	
	2025	2024
Stage 1	2,123,672	1,821,617
Stage 2	–	–
Stage 3	168,350	628,350
Add: Accrued interest	165,877	174,094
Gross amount	2,457,899	2,624,061
Less: ECL allowance	(219,820)	(513,551)
Net amount	2,238,079	2,110,510

As at 31 December 2025 and 2024, financial investments that are classified as credit related financial assets are unrated trust plans.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.1 Credit risk (Continued)

45.1.7 Investment securities (Continued)

Concentration risks analysis for financial investments – credit related financial assets by industry sectors:

	As at 31 December 2025		As at 31 December 2024	
	Amount	%	Amount	%
Leasing and commercial services	1,773,272	72.15	2,189,117	83.42
Construction	500,000	20.34	204,600	7.80
Water, environment and public utility management	18,750	0.76	56,250	2.14
Accrued interest	165,877	6.75	174,094	6.64
Total	2,457,899	100.00	2,624,061	100.00

45.1.8 Repossessed assets

The types and book values of repossessed assets held by the Group are as follows:

	As at 31 December	
	2025	2024
Business properties	57,395	53,152
Properties and plants	1,417	1,263
Provision for repossessed assets	(13,835)	(8,624)
Net amount	44,977	45,791

Repossessed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. Repossessed assets are classified in the statement of financial position as other assets.

45.1.9 Concentration risk analysis for financial assets with credit risk exposure

The Group mainly conducts business in Mainland China; hence the geographical risk is primarily concentrated in Mainland China.

	As at 31 December	
	2025	2024
Sichuan Province	106,250,770	88,327,389
Chongqing	12,982,947	12,107,463
Others	51,397,684	34,087,301
Total	170,631,401	134,522,153

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.2 Market risk

45.2.1 Overview

Market risk refers to the risk of losses arising from adverse changes in market prices (including interest rates, exchange rates, equity prices and commodity prices) in respect of on- and off-balance sheet activities.

The Bank implements unified and centralized management of market risk, covering the entire process of market risk identification, measurement, monitoring, control and reporting. The Bank has formulated fundamental market risk management policies and risk appetite appropriate to its operations, and set market risk limit indicators. Through the establishment of authorization, credit granting, limits, monitoring and reporting mechanisms, the Bank continuously enhances the effectiveness of risk management.

45.2.2 Foreign exchange risk

The main place of business of the Group is located in China, and the main business is settled in RMB. However, the Group's foreign currency assets and liabilities still have exchange rate risks. Exchange rate risk arises from adverse exchange rate movements.

The Bank's main principle of controlling exchange rate risks is to match assets and liabilities in different currencies as much as possible and to control exchange rate risks within the limits set by the Bank. The Bank sets risk tolerance limits in accordance with the guiding principles from the risk management committee, relevant regulatory requirements and the assessment of the current environment by the management and minimises the currency mismatch of assets and liabilities by reasonably arranging the sources and the use of foreign currency funds.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.2 Market risk (Continued)

45.2.2 Foreign exchange risk (Continued)

The following table summarises the distribution of the Group's exchange rate exposure at the end of the year, and the book value of each foreign currency asset and liability has been converted into RMB amount.

As at 31 December 2025	RMB	USD	Other	Total
Assets				
Cash and balances with the central bank	13,664,345	11,064	-	13,675,409
Due from and placements with banks and other financial institutions	7,189,977	56,510	3,063	7,249,550
Customer loans (Including discounted bills)	118,783,713	-	-	118,783,713
Financial investments – credit related financial assets	2,238,079	-	-	2,238,079
Financial investments – measured at fair value through profit or loss	26,470,896	1,403,074	-	27,873,970
Financial investments – measured at fair value through other comprehensive income	4,501,042	-	-	4,501,042
Financial investments – measured at amortised cost	24,264,640	-	-	24,264,640
Other financial assets	58,985	-	-	58,985
Total assets	197,171,677	1,470,648	3,063	198,645,388
Liabilities				
Borrowing from the central bank	5,574,887	-	-	5,574,887
Due to and placements from banks and other financial institutions	4,932,682	979,891	-	5,912,573
Customer deposits	156,130,478	424,251	1,071	156,555,800
Debt securities issued	18,293,528	-	-	18,293,528
Other financial liabilities	962,222	-	-	962,222
Total liabilities	185,893,797	1,404,142	1,071	187,299,010
Total exchange rate sensitivity gap	11,277,880	66,506	1,992	11,346,378
Financial guarantee and credit commitments	5,489,169	-	-	5,489,169

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.2 Market risk (Continued)

45.2.2 Foreign exchange risk (Continued)

As at 31 December 2024	RMB	USD	Other	Total
Assets				
Cash and balances with the central bank	10,227,217	7,167	–	10,234,384
Due from and placements with banks and other financial institutions	626,055	100,562	2,520	729,137
Customer loans (Including discounted bills)	98,585,035	–	–	98,585,035
Financial investments – credit related financial assets	2,110,510	–	–	2,110,510
Financial investments – measured at fair value through profit or loss	32,150,181	717,421	–	32,867,602
Financial investments – measured at fair value through other comprehensive income	3,313,197	35,942	–	3,349,139
Financial investments – measured at amortised cost	19,564,015	–	–	19,564,015
Other financial assets	54,028	–	–	54,028
Total assets	166,630,238	861,092	2,520	167,493,850
Liabilities				
Borrowing from the central bank	6,258,007	–	–	6,258,007
Due to and placements from banks and other financial institutions	2,415,528	175,653	–	2,591,181
Customer deposits	135,224,391	89,148	801	135,314,340
Debt securities issued	12,746,164	–	–	12,746,164
Other financial liabilities	407,479	–	–	407,479
Total liabilities	157,051,569	264,801	801	157,317,171
Total exchange rate sensitivity gap	9,578,669	596,291	1,719	10,176,679
Financial guarantee and credit commitments	1,911,490	–	–	1,911,490

Following table shows the impact on pre-tax profit when foreign exchange rates change by 1% against RMB:

	Anticipated change in pre-tax profit/(loss) As at 31 December	
	2025	2024
Up 1%	685	5,980
Down 1%	(685)	(5,980)

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.3 Interest Rate Risk in the Banking Book

Interest rate risk in the banking book refers to the risk of losses in the economic value and overall earnings of the banking book arising from adverse changes in interest rate levels, term structure and other relevant factors. Interest rate risk in the banking book mainly arises from mismatch in the repricing maturities of assets and liabilities.

With respect to the repricing risk arising from asset and liability, the Bank primarily adopts regular measurement of interest rate sensitivity gaps. Assess the tolerable interest rate risk through gap analysis and further evaluates the impact of interest rate movements on net profit and other comprehensive income. Measures are taken timely in accordance with management requirements to adjust the maturity structure of assets and liabilities, and to adjust the pricing of loans and deposit rates as appropriate, to ensure the risk level is controlled within the Group's risk tolerance. The table below presents the Group's assets and liabilities by carrying amount, classified by the earlier of their repricing date or maturity date.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
As at 31 December 2025							
Assets							
Cash and balances with the central bank	13,670,860	-	-	-	-	4,549	13,675,409
Due from and placements with banks and other financial institutions	7,248,599	-	-	-	-	951	7,249,550
Customer loans	11,063,541	8,534,840	37,371,547	55,026,361	6,271,060	516,364	118,783,713
Financial investments – credit related financial assets	-	473,427	298,290	1,300,485	-	165,877	2,238,079
Financial investments – measured at fair value through profit or loss	3,225,556	4,687,657	8,984,370	3,437,978	-	7,538,409	27,873,970
Financial investments – measured at fair value through other comprehensive income	-	50,212	391,349	1,665,788	2,356,016	37,677	4,501,042
Financial investments – measured at amortised cost	558,000	944,159	2,812,664	9,752,475	9,554,981	642,361	24,264,640
Other financial assets	-	-	-	-	-	58,985	58,985
Total financial assets	35,766,556	14,690,295	49,858,220	71,183,087	18,182,057	8,965,173	198,645,388
Liabilities							
Borrowing from the central bank	712,400	943,480	3,906,230	-	-	12,777	5,574,887
Due to and placements from banks and other financial institutions	4,935,143	513,102	436,584	-	-	27,744	5,912,573
Customer deposits	73,205,653	8,884,407	22,644,977	48,059,275	-	3,761,488	156,555,800
Debt securities issued	1,568,582	2,513,004	9,786,246	1,800,000	2,599,660	26,036	18,293,528
Other financial liabilities	403,444	121	543	2,899	-	555,215	962,222
Total financial liabilities	80,825,222	12,854,114	36,774,580	49,862,174	2,599,660	4,383,260	187,299,010
Total interest sensitivity gap	(45,058,666)	1,836,181	13,083,640	21,320,913	15,582,397	4,581,913	11,346,378

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.3 Interest Rate Risk in the Banking Book (Continued)

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total
As at 31 December 2024							
Assets							
Cash and balances with the central bank	10,230,350	-	-	-	-	4,034	10,234,384
Due from and placements with banks and other financial institutions	499,784	193,288	35,920	-	-	145	729,137
Customer loans	6,643,186	7,917,945	36,816,936	41,732,448	5,022,239	452,281	98,585,035
Financial investments – credit related financial assets	162,905	199,653	195,353	1,378,505	-	174,094	2,110,510
Financial investments – measured at fair value through profit or loss	878,032	1,759,916	11,227,765	6,906,957	979,872	11,115,060	32,867,602
Financial investments – measured at fair value through other comprehensive income	80,081	128,824	1,290,077	1,785,382	3,938	60,837	3,349,139
Financial investments – measured at amortised cost	49,976	330,135	1,308,662	10,036,614	7,407,648	430,980	19,564,015
Other financial assets	-	-	-	-	-	54,028	54,028
Total financial assets	18,544,314	10,529,761	50,874,713	61,839,906	13,413,697	12,291,459	167,493,850
Liabilities							
Borrowing from the central bank	712,401	943,491	4,576,559	-	-	25,556	6,258,007
Due to and placements from banks and other financial institutions	1,023,910	475,078	1,085,319	-	-	6,874	2,591,181
Customer deposits	61,421,051	7,456,987	20,151,482	43,249,264	-	3,035,556	135,314,340
Debt securities issued	29,958	99,649	8,489,384	1,800,000	2,300,000	27,173	12,746,164
Other financial liabilities	13,415	179	812	4,332	-	388,741	407,479
Total financial liabilities	63,200,735	8,975,384	34,303,556	45,053,596	2,300,000	3,483,900	157,317,171
Total interest sensitivity gap	(44,656,421)	1,554,377	16,571,157	16,786,310	11,113,697	8,807,559	10,176,679

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.3 Interest Rate Risk in the Banking Book (Continued)

45.3.1 Sensitivity tests

Interest rate sensitivity test

The following table illustrates the potential pre-tax impact, of a parallel upward or downward shift of 100 basis points in relevant interest rate curves on the Group's net profit and other comprehensive income for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period. This analysis assumes that interest rates of all maturities move by the same amount and does not reflect the potential impact of unparallelled yield curve movements.

The sensitivity analysis on net profit is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behavior, basis risk or any prepayment options on debt securities into consideration.

The sensitivity analysis on other comprehensive income reflects only the effect of changes in fair value of those financial instruments classified as other debt instrument and other equity investments at fair value through other comprehensive held, whose fair value changes are recorded as an element of other comprehensive income.

	Expected changes of net profit Next 12 months from 31 December As at 31 December	
	2025	2024
+ 100 basis point parallel move in all yield curves	(257,638)	(264,647)
- 100 basis point parallel move in all yield curves	257,638	264,647
	Change of other comprehensive income Next 12 months from 31 December As at 31 December	
	2025	2024
+ 100 basis point parallel move in all yield curves	(159,761)	(39,226)
- 100 basis point parallel move in all yield curves	174,038	40,507

The assumptions do not reflect actions that might be taken under the Group's capital and interest rate risk management policy to mitigate changes to the Group's interest rate risk. Therefore, the above analysis may differ from the actual situation.

In addition, the presentation of interest rate sensitivity above is for illustration purposes only, showing the potential impact on net profit and other comprehensive income of the Group under different parallel yield curve movements, relative to their position at period-end, excluding the derivative positions.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.4 Liquidity risk

45.4.1 Overview

Liquidity risk is the risk that cannot obtain sufficient funds in time or, with reasonable cost and unable to meet its payment obligations associated with its financial liabilities when they fall due or to meet immediate fund needs. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend. The Bank's objective in liquidity management is to ensure the availability of adequate funding to meet its needs to fund deposits withdrawals and other liabilities as they fall due and to ensure that it is able to meet its obligations to fund loan originations and commitments and to take advantage of new investment opportunities.

The Group is exposed to daily calls on its available cash resources from current deposits, matured deposits, loan draw downs, guarantee and cash deposit hold as collateral. The Board of Directors set the minimum proportion of funds to be made available to meet such calls and the minimum level of interbank and other borrowing facilities that should be in place to cover different levels of unexpected withdrawals. As at 31 December 2025, 5.00% (31 December 2024: 5.00%) of the Group's total RMB-denominated deposits must be deposited with the PBOC.

45.4.2 Liquidity risk management

The Board of Directors and the liquidity risk management committee formulate the policies, strategies, procedures, limits and contingency plans relate to the overall management of liquidity risk according to risk preference. The assets and liabilities management department cooperates with other business department to form a liquidity risk management system.

The Bank proactively applies new technology to enhance the involvement of IT in liquidity risk management. The system monitors the liquidity index and exposure, which form a mechanism in regular, automatic liquidity risk assessment, and arrange the Banking business according to current liquidity exposure. The Group actively adjusts the assets and liabilities maturity structure, while taking control of the limit of the liquidity risk positively by carrying out performance assessment. The Bank pays constant attention to its liquidity risk management process, enhances and improves liquidity risk related policy timely, eventually achieve its goal in liquidity risk management.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.4 Liquidity risk (Continued)

45.4.3 Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The table below presents the undiscounted cash flows of the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the balance sheet date.

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2025									
Assets									
Cash and balances with the central bank	5,431,896	-	-	-	-	-	8,243,513	-	13,675,409
Due from and placements with banks and other financial institutions	205,894	7,047,044	-	-	-	-	-	-	7,252,938
Customer loans	-	5,582,540	7,953,703	33,008,327	77,414,681	15,149,442	-	406,614	139,515,307
Financial investments – credit related financial assets	-	5,287	522,836	345,884	1,382,396	-	-	145,980	2,402,383
Financial investments – measured at fair value through profit or loss	5,977,970	3,287,897	4,871,120	8,982,452	4,276,112	1,191,444	34,366	-	28,621,361
Financial investments – measured at fair value through other comprehensive income	-	5,246	66,529	475,137	1,947,992	2,490,569	-	-	4,985,473
Financial investments – measured at amortised cost	-	376,689	1,071,781	3,833,526	11,679,679	11,410,388	-	-	28,372,063
Other financial assets	24,067	575	1,134	5,696	4,149	868	-	23,102	59,591
Total financial assets	11,639,827	16,305,278	14,487,103	46,651,022	96,705,009	30,242,711	8,277,879	575,696	224,884,525
Liabilities									
Borrowing from the central bank	-	713,439	960,174	3,968,189	-	-	-	-	5,641,802
Due to and placements from banks and other financial institutions	124,244	4,815,585	532,131	455,590	-	-	-	-	5,927,550
Customer deposits	69,036,451	4,608,486	9,852,340	24,233,474	52,080,734	-	-	-	159,811,485
Debt securities issued	-	1,570,000	2,520,000	10,001,110	2,200,780	2,938,710	-	-	19,230,600
Other financial liabilities	421,513	6,918	15,646	89,326	351,926	76,893	-	-	962,222
Total financial liabilities	69,582,208	11,714,428	13,880,291	38,747,689	54,633,440	3,015,603	-	-	191,573,659
Net positions	(57,942,381)	4,590,850	606,812	7,903,333	42,071,569	27,227,108	8,277,879	575,696	33,310,866

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.4 Liquidity risk (Continued)

45.4.3 Analysis on contractual undiscounted cash flows of non-derivative financial liabilities (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2024									
Assets									
Cash and balances with the central bank	3,206,238	-	-	-	-	-	7,028,146	-	10,234,384
Due from and placements with banks and other financial institutions	-	500,087	193,621	36,337	-	-	-	-	730,045
Customer loans	-	4,620,319	6,572,383	28,273,418	59,345,182	13,856,515	-	304,916	112,972,733
Financial investments – credit related financial assets	-	-	203,476	208,313	1,584,054	-	-	333,297	2,329,140
Financial investments – measured at fair value through profit or loss	8,981,035	1,055,060	2,556,636	11,837,544	8,649,980	1,540,225	996	-	34,621,476
Financial investments – measured at fair value through other comprehensive income	-	86,113	151,282	1,382,314	1,901,895	5,551	-	-	3,527,155
Financial investments – measured at amortised cost	-	113,406	415,811	1,774,046	12,089,768	8,947,405	-	-	23,340,436
Other financial assets	2,908	199	357	11,788	16,014	3,465	-	19,297	54,028
Total financial assets	12,190,181	6,375,184	10,093,566	43,523,760	83,586,893	24,353,161	7,029,142	657,510	187,809,397
Liabilities									
Borrowing from the central bank	-	724,868	982,283	4,656,649	-	-	-	-	6,363,800
Due to and placements from banks and other financial institutions	437,463	589,057	493,331	1,131,318	-	-	-	-	2,651,169
Customer deposits	58,005,918	3,816,953	8,152,811	22,237,993	48,508,951	-	-	-	140,722,626
Debt securities issued	-	30,441	101,310	8,674,038	1,923,660	3,404,000	-	-	14,133,449
Other financial liabilities	30,162	4,374	11,139	51,732	260,306	49,766	-	-	407,479
Total financial liabilities	58,473,543	5,165,693	9,740,874	36,751,730	50,692,917	3,453,766	-	-	164,278,523
Net positions	(46,283,362)	1,209,491	352,692	6,772,030	32,893,976	20,899,395	7,029,142	657,510	23,530,874

Assets available to repay all of the liabilities include cash, balances with the central bank, items in the course of collection and treasury; due from other banks and financial institutions; and customer loans. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, certain debt securities have been pledged for liabilities. The Group would also be able to meet unexpected net cash outflows by selling securities, using credit commitments from other financial institutions, early termination of borrowings from other financial institutions and repurchase agreements and using the mandatory reserve deposits upon the PBOC's approval.

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.4 Liquidity risk (Continued)

45.4.4 Maturity analysis

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

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2025									
Assets									
Cash and balances with the central bank	5,431,896	-	-	-	-	-	8,243,513	-	13,675,409
Due from and placements with banks and other financial institutions	205,524	7,044,026	-	-	-	-	-	-	7,249,550
Customer loans	-	5,366,502	7,484,463	30,417,328	65,356,227	9,752,579	-	406,614	118,783,713
Financial investments – credit related financial assets	-	671	492,653	298,290	1,300,485	-	-	145,980	2,238,079
Financial investments – measured at fair value through profit or loss	5,977,970	3,255,408	4,725,333	8,784,130	4,016,798	1,079,965	34,366	-	27,873,970
Financial investments – measured at fair value through other comprehensive income	-	4,980	63,156	411,102	1,665,788	2,356,016	-	-	4,501,042
Financial investments – measured at amortised cost	-	351,779	996,599	2,899,779	9,848,675	10,167,808	-	-	24,264,640
Other financial assets	23,706	567	1,117	5,610	4,087	855	-	23,043	58,985
Total financial assets	11,639,096	16,023,933	13,763,321	42,816,239	82,192,060	23,357,223	8,277,879	575,637	198,645,388
Liabilities									
Borrowing from the central bank	-	712,781	952,329	3,909,777	-	-	-	-	5,574,887
Due to and placements from banks and other financial institutions	124,244	4,814,642	526,734	446,953	-	-	-	-	5,912,573
Customer deposits	69,036,451	4,449,561	9,653,718	23,736,374	49,679,696	-	-	-	156,555,800
Debt securities issued	-	1,568,582	2,513,004	9,812,282	1,800,000	2,599,660	-	-	18,293,528
Other financial liabilities	421,513	6,918	15,646	89,326	351,926	76,893	-	-	962,222
Total financial liabilities	69,582,208	11,552,484	13,661,431	37,994,712	51,831,622	2,676,553	-	-	187,299,010
Net liquidity gap	(57,943,112)	4,471,449	101,890	4,821,527	30,360,438	20,680,670	8,277,879	575,637	11,346,378

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45 FINANCIAL RISK MANAGEMENT (Continued)

45.4 Liquidity risk (Continued)

45.4.4 Maturity analysis (Continued)

	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	No maturity	Overdue	Total
As at 31 December 2024									
Assets									
Cash and balances with the central bank	3,206,238	-	-	-	-	-	7,028,146	-	10,234,384
Due from and placements with banks and other financial institutions	-	499,846	193,321	35,970	-	-	-	-	729,137
Customer loans	-	4,607,588	6,497,639	27,102,905	51,165,243	8,906,744	-	304,916	98,585,035
Financial investments – credit related financial assets	-	-	200,127	195,353	1,381,733	-	-	333,297	2,110,510
Financial investments – measured at fair value through profit or loss	8,981,035	1,045,063	2,490,978	11,359,326	7,651,719	1,338,485	996	-	32,867,602
Financial investments – measured at fair value through other comprehensive income	-	80,081	128,824	1,290,237	1,785,382	64,615	-	-	3,349,139
Financial investments – measured at amortised cost	-	49,976	332,548	1,313,047	10,179,172	7,689,272	-	-	19,564,015
Other financial assets	2,908	199	357	11,788	16,014	3,465	-	19,297	54,028
Total financial assets	12,190,181	6,282,753	9,843,794	41,308,626	72,179,263	18,002,581	7,029,142	657,510	167,493,850
Liabilities									
Borrowing from the central bank	-	712,775	966,267	4,578,965	-	-	-	-	6,258,007
Due to and placements from banks and other financial institutions	437,463	589,029	475,529	1,089,160	-	-	-	-	2,591,181
Customer deposits	58,005,918	3,606,017	7,770,325	21,015,558	44,916,522	-	-	-	135,314,340
Debt securities issued	-	29,958	99,649	8,516,557	1,800,000	2,300,000	-	-	12,746,164
Other financial liabilities	30,162	4,374	11,139	51,732	260,306	49,766	-	-	407,479
Total financial liabilities	58,473,543	4,942,153	9,322,909	35,251,972	46,976,828	2,349,766	-	-	157,317,171
Net liquidity gap	(46,283,362)	1,340,600	520,885	6,056,654	25,202,435	15,652,815	7,029,142	657,510	10,176,679

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.4 Liquidity risk (Continued)

45.4.5 Off-balance-sheet items

The table below lists the off-balance-sheet statement items of the Group according to their remaining term to maturity. The financial commitments are listed by the earliest maturity date in its notional principal.

As at 31 December 2025	Up to 1 year	1-5 years	Total
Acceptances	1,726,693	–	1,726,693
Capital expenditure commitments	150,515	159,965	310,480
Letter of credit	2,666,536	–	2,666,536
Letter of guarantee	72,762	995,418	1,068,180
Fiscal business card commitments	–	27,760	27,760
Total	4,616,506	1,183,143	5,799,649

As at 31 December 2024	Up to 1 year	1-5 years	Total
Acceptances	1,710,036	–	1,710,036
Capital expenditure commitments	124,440	211,565	336,005
Letter of credit	38,425	–	38,425
Letter of guarantee	114,394	29,053	143,447
Fiscal business card commitments	–	19,582	19,582
Total	1,987,295	260,200	2,247,495

The Group has no irrevocable loan commitments.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.5 Fair values of financial assets and liabilities

(a) Fair value hierarchy

IFRS 13 specifies the levels of valuation techniques that based on the inputs of valuation techniques that are observable or not. The observable inputs reflect the market data obtained from independent sources. These two inputs lead to the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities, debt instruments in house (e.g. Hong Kong Stock Exchange).
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly. This level includes the debt instruments dealing in the interbank market. For example, the input parameters of bond yield curves and counterparty credit risk from China bond information website and Bloomberg.
- Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs). This level includes equity instruments and structural financial instruments.

The Group determines the fair value of the financial instruments by valuation techniques when it is difficult to obtain quotations from the open market.

The main parameters of valuation techniques used in financial instruments includes the bond price, interest rate, exchange rate, stock and equity price, volatility level and the credits spreads of counterparty. All of these parameters can be observed and obtained from the open market.

The measurement of the fair value of unlisted equity held by the Bank adopts unobservable parameters that may have significant impact on the valuations. Thus, the Group classifies these financial instruments to the third level. The Group has established an internal control system to supervise the exposure of the financial instrument above.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.5 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

Fair values of assets and liabilities are as below.

As at 31 December 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Customer loans – discounted bills	–	2,821,406	–	2,821,406
Financial investments – measured at fair value through profit or loss	–	27,712,383	161,587	27,873,970
Financial investments – measured at fair value through other comprehensive income	–	4,501,042	–	4,501,042
Total	–	35,034,831	161,587	35,196,418

As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Customer loans – discounted bills	–	202,219	–	202,219
Financial investments – measured at fair value through profit or loss	–	32,690,403	177,199	32,867,602
Financial investments – measured at fair value through other comprehensive income	–	3,349,139	–	3,349,139
Total	–	36,241,761	177,199	36,418,960

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.5 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

Movement of Level-3 valuation methodology

	Financial investments – measured at fair value through profit or loss
Balance at 1 January 2025	177,199
Total gains or losses	
– Current year profit and loss	(15,612)
Balance at 31 December 2025	161,587
Total loss for the year included in profit and loss for financial assets held as at 31 December 2025	(15,612)

	Financial investments – measured at fair value through profit or loss
Balance at 1 January 2024	243,616
Total gains or losses	
– Current year profit and loss	(66,417)
Balance at 31 December 2024	177,199
Total loss for the year included in profit and loss for financial assets held as at 31 December 2024	(66,417)

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.5 Fair values of financial assets and liabilities (Continued)

(a) Fair value hierarchy (Continued)

Movement of Level-3 valuation methodology (Continued)

Quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 for the year ended 31 December 2025 and 31 December 2024 presented as follows:

As at 31 December 2025	Fair Value	Valuation Techniques	Unobservable Inputs	Discounted future cash flow/Net assets value
Financial investments – measured at fair value through profit or loss				
– ABS	127,221	Discounted cash flow	Estimated future cash flow	115,226 – 141,106
– Equity investments	34,366	Net assets analysis	Net assets	0.9910 – 0.9047

As at 31 December 2024	Fair Value	Valuation Techniques	Unobservable Inputs	Discounted future cash flow/Net assets value
Financial investments – measured at fair value through profit or loss				
– ABS	142,833	Discounted cash flow	Estimated future cash flow	150,090 – 170,352
– Equity investments	34,366	Net assets analysis	Net assets	0.9910 – 0.9047

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.5 Fair values of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value in the statement of financial position mainly include: balances with the central bank, due from/placements with banks and financial institutions, financial assets held under reverse repurchase agreements, customer loans, credit related financial assets, financial investments – measured at amortised cost, due to/placement from banks and financial institutions, financial assets sold under repurchase agreements, customer deposits, debt securities issued. Except for the following financial assets and financial liabilities, the difference between the book value before impairment and fair value of those financial assets and liabilities not presented at their fair value was insignificant. Fair value is measured using a discounted cash flow model.

The table below summarises the financial assets and liabilities that have difference between book value before impairment (include accrued interest) and fair value as at 31 December 2025 and 2024.

	Book value	As at 31 December 2025			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial investments					
– measured at amortised cost	24,264,640	–	21,755,475	3,501,708	25,257,183
Financial investments					
– credit related financial assets	2,238,079	–	–	2,316,313	2,316,313
Financial liabilities					
Debt securities issued	18,293,528	–	18,352,818	–	18,352,818

	Book value	As at 31 December 2024			
		Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial investments –					
measured at amortised cost	19,564,015	–	17,622,512	2,919,308	20,541,820
Financial investments –					
credit related financial assets	2,110,510	–	–	2,186,544	2,186,544
Financial liabilities					
Debt securities issued	12,746,164	–	12,848,776	–	12,848,776

Notes to the Financial Statements

For the year ended 31 December 2025

(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.5 Fair values of financial assets and liabilities (Continued)

(b) Financial instruments not measured at fair value (Continued)

Financial investments – credit related financial assets

The fair value for financial investments – credit related financial assets is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and liquidity.

Financial investments – measured at amortised cost

The fair value for financial investments measured at amortised cost is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk and liquidity.

The fair value for bonds measured at amortised cost is based on market prices or broker/dealer price quotations. Where the information is not available, fair value is estimated using quoted market prices for securities with similar credit risk, maturity and yield characteristics.

Debt securities issued

The fair value of fixed interest-bearing debt securities issued is calculated using a discounted cash flow model which is based on a current yield curve for the bonds with similar remaining term to maturity.

Other than above, the carrying values of those financial assets and liabilities not presented at their fair value in the statement of financial position are a reasonable approximation of their fair values. Those financial assets and liabilities include balances with the central bank, due from/placements with banks and financial institutions, customer loans, due to placements from banks and financial institutions, customer deposits, etc. and their fair value is measured using a discounted future cash flow model.

45.6 Capital management

The concept of “capital” within the context of the Group’s Capital management is broader than “equity” in the context of financial statements. The objectives of capital management are:

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

Capital adequacy ratio and the use of capital are monitored quarterly by the management of the Group employing techniques based on the guidelines developed by the Basel Committee and implemented by the NFRA, for supervisory purposes. The required information is filed with the NFRA on a quarterly basis.

The Group calculated the capital adequacy ratio based on the Capital Adequacy Regulation for Commercial Banks issued by the NFRA in 26 October 2023. According to the regulation, the Group calculates credit risk-weighted assets using weighted-average method, market risk-weighted assets using simplified standard method, and operation risk-weighted assets using basic indicator method.

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

45 FINANCIAL RISK MANAGEMENT (Continued)

45.6 Capital management (Continued)

The NFRA requires commercial banks to meet the requirements of capital adequacy ratios in accordance with the Capital Adequacy Regulation for Commercial Banks commencing on 1 January 2024. For non-systematically important banks, the NFRA stipulates minimum adequacy ratios of Core Tier 1 Capital, Tier 1 Capital and Capital adequacy ratio to be 7.50%, 8.50% and 10.50%, respectively. The Group is fully compliant with these regulatory requirements.

The capital adequacy ratio of 2025 and 2024 under the Rules for Regulating the Capital Adequacy of Commercial Banks is as follows:

	As at 31 December	
	2025	2024
Core capital:	17,784,756	16,046,230
Core Tier 1 Capital	11,256,271	10,126,598
Other Tier 1 Capital	2,402,506	2,296,704
Tier 2 Capital	4,125,979	3,622,928
Net capital	17,761,524	16,025,971
Net Core Tier 1 Capital	11,233,039	10,106,339
Net Other Tier 1 Capital	2,402,506	2,296,704
Net Tier 1 Capital	13,635,545	12,403,043
Total risk-weighted assets	135,771,028	122,189,986
Core Tier 1 Capital adequacy ratio	8.27%	8.27%
Tier 1 Capital adequacy ratio	10.04%	10.15%
Capital adequacy ratio	13.08%	13.12%

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

46 STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK

(a) Statements of financial position of the Bank

	As at 31 December	
	2025	2024
ASSETS		
Cash and balances with the central bank	13,268,733	10,234,384
Due from and placements with banks and other financial institutions	7,202,726	729,137
Customer loans	118,158,159	98,585,035
Financial investments – credit related financial assets	2,035,179	2,110,510
Financial investments – measured at fair value through profit or loss	27,873,970	32,867,602
Financial investments – measured at fair value through other comprehensive income	4,501,042	3,349,139
Financial investments – measured at amortised cost	24,264,640	19,564,015
Investment in a subsidiary	100,383	–
Investment in an associate	–	57,542
Property and equipment	1,502,076	1,054,569
Deferred income tax assets	1,945,797	1,708,908
Other assets	411,339	738,731
Total assets	201,264,044	170,999,572
LIABILITIES		
Borrowings from the central bank	5,574,887	6,258,007
Due to and placements from banks and other financial institutions	6,142,961	2,591,181
Customer deposits	155,443,544	135,314,340
Debt securities issued	18,293,528	12,746,164
Current tax liabilities	546,704	566,790
Other liabilities	1,630,660	1,082,686
Total liabilities	187,632,284	158,559,168
SHAREHOLDERS' EQUITY		
Share capital	2,717,752	2,717,752
Other equity instruments	2,399,547	2,296,704
Capital surplus	1,783,179	1,786,355
Other reserves	3,304,422	3,012,101
Retained earnings	3,426,860	2,627,492
Total shareholder's equity	13,631,760	12,440,404
Total liabilities and shareholders' equity	201,264,044	170,999,572

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

46 STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY OF THE BANK

(Continued)

(b) Statements of changes in shareholders' equity of the Bank

	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Other reserves			Retained earnings	Total
					General reserve	Revaluation reserve	Subtotal		
Balance at 1 January 2025	2,717,752	2,296,704	1,786,355	838,507	2,105,856	67,738	3,012,101	2,627,492	12,440,404
Net profit for the year	-	-	-	-	-	-	-	1,539,559	1,539,559
Changes recognised in other comprehensive income	-	-	-	-	-	(9,840)	(9,840)	-	(9,840)
Total comprehensive income	-	-	-	-	-	(9,840)	(9,840)	1,539,559	1,529,719
Contribution from other equity instrument holders	-	1,799,667	-	-	-	-	-	-	1,799,667
Other equity instrument settlements	-	(1,696,824)	(3,176)	-	-	-	-	-	(1,700,000)
Transfer to surplus reserve	-	-	-	153,956	-	-	153,956	(153,956)	-
Transfer to general reserve	-	-	-	-	148,205	-	148,205	(148,205)	-
Dividends declared to ordinary shareholders	-	-	-	-	-	-	-	(326,130)	(326,130)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	(111,900)	(111,900)
Balance at 31 December 2025	2,717,752	2,399,547	1,783,179	992,463	2,254,061	57,898	3,304,422	3,426,860	13,631,760
Balance at 1 January 2024	2,717,752	1,696,824	1,786,355	710,941	1,926,188	90,180	2,727,309	1,998,759	10,926,999
Net profit for the year	-	-	-	-	-	-	-	1,275,665	1,275,665
Changes recognised in other comprehensive income	-	-	-	-	-	(22,442)	(22,442)	-	(22,442)
Total comprehensive income	-	-	-	-	-	(22,442)	(22,442)	1,275,665	1,253,223
Contribution from other equity instrument holders	-	599,880	-	-	-	-	-	-	599,880
Transfer to surplus reserve	-	-	-	127,566	-	-	127,566	(127,566)	-
Transfer to general reserve	-	-	-	-	179,668	-	179,668	(179,668)	-
Dividends declared to ordinary shareholders	-	-	-	-	-	-	-	(244,598)	(244,598)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	(95,100)	(95,100)
Balance at 31 December 2024	2,717,752	2,296,704	1,786,355	838,507	2,105,856	67,738	3,012,101	2,627,492	12,440,404

Notes to the Financial Statements

For the year ended 31 December 2025
(All amounts expressed in thousands of RMB unless otherwise stated)

47 COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

48 SUBSEQUENT EVENTS

Up to the date of this report, the Group has no material event for disclosure after the reporting date.

Unaudited Supplementary Financial Information

1 LIQUIDITY RATIO, LIQUIDITY COVERAGE RATIO, NET STABLE FUNDING RATIO, AND LEVERAGE RATIO

(1) Liquidity ratio

	As of December 31, 2021
Liquidity ratio	87.79%
	As of December 31, 2022
Liquidity ratio	73.47%
	As of December 31, 2023
Liquidity ratio	80.14%
	As of December 31, 2024
Liquidity ratio	84.10%
	As of December 31, 2025
Liquidity ratio	72.16%

(2) Liquidity coverage ratio

	As of December 31, 2025
Liquidity coverage ratio	280.28%

Pursuant to the Administrative Measures on Liquidity Risk Management of Commercial Banks, this indicator is disclosed for the first time in the current year following the Group's asset size exceeding RMB200 billion.

(3) Net stable funding ratio

	As of December 31, 2025
Net stable funding ratio	126.97%

Pursuant to the Administrative Measures on Liquidity Risk Management of Commercial Banks, this indicator is disclosed for the first time in the current year following the Group's asset size exceeding RMB200 billion.

Unaudited Supplementary Financial Information

1 LIQUIDITY RATIO, LIQUIDITY COVERAGE RATIO, NET STABLE FUNDING RATIO, AND LEVERAGE RATIO (Continued)

(4) Leverage ratio

	As of December 31				
	2021	2022	2023	2024	2025
Leverage ratio	7.08%	6.69%	6.88%	7.18%	6.64%

Pursuant to the Administrative Measures for the Capital of Commercial Banks issued by the National Financial Regulatory Administration and effective since January 1, 2024, a minimum leverage ratio of 4% is required for commercial banks.

The above liquidity ratio, liquidity coverage ratio, net stable funding ratio and leverage ratio were calculated in accordance with the formulas promulgated by the National Financial Regulatory Administration, and based on the financial information prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Definitions

“the Group”	the Bank and its subsidiaries
“Articles of Association” or “Articles”	the articles of association of the Bank, as amended from time to time
“Bank”, “our Bank”, “we”, “us” or “Luzhou Bank”	Luzhou Bank Co., Ltd. (泸州银行股份有限公司)
“Board of Supervisors”	the board of Supervisors of the Bank
“Board” or “Board of Directors”	the board of Directors of our Bank
“CBIRC”	Former China Banking and Insurance Regulatory Commission
“CBRC”	Former China Banking Regulatory Commission (中國銀行業監督管理委員會)
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Bank
“Domestic Shares”	ordinary shares in our share capital with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Hong Kong Dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	the overseas listed foreign shares in the ordinary share capital of the Bank with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed and traded on the Hong Kong Stock Exchange
“IAS”	International Accounting Standards and its interpretations
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board

Definitions

“Latest Practicable Date”	March 23, 2026, being the latest practicable date for the purpose of containing certain information in this annual report before this annual report is printed
“Listing”	the listing of the H Shares on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Reporting Period”	the full year from January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	the domestic shares and H Shares of the Bank
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Companies Ordinance
“Supervisor(s)”	the supervisor(s) of the Bank
“U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction



泸州银行股份有限公司
LUZHOU BANK CO., LTD.