交 通 銀 行
BANK OF COMMUNICATIONS

交 通 銀 行 股 份 有 限 公 司
Bank of Communications Co., Ltd.

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

(Stock Code: 03328)

2026 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board of Directors**") of Bank of Communications Co., Ltd. (the "**Bank**") is pleased to announce the unaudited consolidated financial information (the "**Interim Results**") of the Bank and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**"), which was prepared in accordance with the *International Accounting Standard 34 – Interim Financial Reporting* issued by the International Accounting Standards Board. The Board of Directors of the Bank and the Audit Committee of the Board of Directors have reviewed and confirmed the Interim Results.

I. CORPORATE INFORMATION

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

Secretary of the Board of Directors and Company Secretary

Name	He Zhaobin
Contact address	No. 188 Yin Cheng Zhong Lu, (Shanghai) Pilot Free Trade Zone, PRC
Tel	86-21-23538555
Fax	86-21-58798398
E-mail	investor@bankcomm.com

II. FINANCIAL HIGHLIGHTS

As at 30 June 2026 (the "**end of the Reporting Period**"), key financial data and financial indicators prepared by the Group under International Financial Reporting Standards ("**IFRSs**") are as follows:

(in millions of RMB unless otherwise stated)

Key financial data	**January to June 2026**	January to June 2025	Increase/ (decrease) (%)
Net interest income	**92,592**	85,247	8.62
Net fee and commission income	**20,473**	20,458	0.07
Net operating income	**142,540**	133,498	6.77
Credit impairment losses	**34,541**	32,814	5.26
Business cost	**39,103**	39,933	(2.08)
Profit before tax	**53,637**	46,910	14.34
Net profit (attributable to shareholders of the parent company)	**47,874**	46,016	4.04
Earnings per share for profit (attributable to holders of ordinary shares of the parent company, in RMB yuan)[1]	**0.52**	0.59	(11.86)

	30 June 2026	31 December 2025	Increase/ (decrease) (%)
Total assets	**16,260,175**	15,548,388	4.58
Loans and advances to customers[2]	**9,489,673**	9,123,571	4.01
Total liabilities	**14,956,243**	14,268,106	4.82
Deposits from customers[2]	**9,915,436**	9,307,815	6.53
Equity (attributable to shareholders of the parent company)	**1,292,792**	1,269,232	1.86
Net assets per share (attributable to holders of ordinary shares of the parent company, in RMB yuan)[3]	**13.22**	12.93	2.24
Net capital[4]	**1,653,541**	1,589,837	4.01
Including: Net common equity tier-1 capital[4]	**1,162,549**	1,138,469	2.12
Net additional tier-1 capital[4]	**125,074**	126,591	(1.20)
Net tier-2 capital[4]	**365,918**	324,777	12.67
Risk-weighted assets[4]	**10,334,314**	9,958,343	3.78

Key financial ratios (%)	**January to June 2026**	January to June 2025	Change (percentage point(s))
Annualized return on average assets	**0.61**	0.61	–
Annualized weighted average return on net assets[1]	**8.09**	9.16	(1.07)
Net interest margin[5]	**1.23**	1.21	0.02
Cost-to-income ratio[6]	**27.47**	29.94	(2.47)
	30 June 2026	31 December 2025	Change (percentage point(s))
Non-performing loan ratio[7]	**1.30**	1.28	0.02
Provision coverage ratio	**203.80**	208.38	(4.58)
Capital adequacy ratio[4]	**16.00**	15.96	0.04
Tier-1 capital adequacy ratio[4]	**12.46**	12.70	(0.24)
Common equity tier-1 capital adequacy ratio[4]	**11.25**	11.43	(0.18)

Notes:

1. Calculated pursuant to the *Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share* (2010 Revision) issued by the China Securities Regulatory Commission (the "**CSRC**"). Of which, the issuance period and the reporting period for the time weights of the weighted average number of ordinary shares are calculated based on the days elapsed.
2. Loans and advances to customers do not include accrued interest and are presented before deduction of impairment allowances. Deposits from customers include accrued interest.
3. Refer to equity attributable to holders of ordinary shares of the parent company after the deduction of other equity instruments against the total issued ordinary shares as at the end of the period.
4. Calculated pursuant to the *Rules on Capital Management of Commercial Banks* and relevant regulations by the National Financial Regulatory Administration (the "**NFRA**"), the calculation scope includes all domestic and overseas branches of the Group and subsidiaries of financial institutions (excluding insurance companies).
5. Represented the ratio of annualized net interest income to total average interest-bearing assets.
6. Calculated pursuant to China Accounting Standards, as business and management fees divided by operating income, which is consistent with the financial report prepared under China Accounting Standards.
7. Calculated as non-performing loan balance divided by loans and advances to customers.

III. CHANGES IN SHARES AND SHAREHOLDERS

(I) Changes in Ordinary Shares

As at the end of the Reporting Period, the Bank issued a total of 88,363,784,223 ordinary shares, including 53,351,921,593 A shares and 35,011,862,630 H shares, which accounted for 60.38% and 39.62% of the total issued shares, respectively. As at the end of the Reporting Period, the Bank had 337,632 ordinary shareholders, including 310,167 for A shares and 27,465 for H shares. 31,833,482,023 A shares issued by the Bank are subject to sales restrictions.

1. Shareholdings of the Top 10 Ordinary Shareholders as at the end of the Reporting Period

Name of shareholders (full name)	Increase or decrease during the Reporting Period (shares)	Number of shares held as at the end of the Reporting Period (shares)	Percentage (%)	Class of shares	Shares pledged or frozen	Number of shares held subject to sales restrictions (shares)	Nature of shareholders
The Ministry of Finance of the	–	26,388,772,272	29.86	A share	Nil	26,388,772,272	Government
People's Republic of China	–	4,553,999,999	5.15	H share	Nil	4,553,999,999	
The Hongkong and Shanghai Banking Corporation Limited[2, 4]	–	14,135,636,613	16.00	H share	Nil	–	Foreign legal entity
The National Council for Social	–	3,105,155,568	3.51	A share	Nil	–	Government
Security Fund[3, 4]	–	8,433,333,332	9.54	H share	Nil	–	
Hong Kong Securities Clearing Company Nominees Limited[4, 5]	4,133,703	7,731,554,305	8.75	H share	Unknown	–	Foreign legal entity
China Securities Finance Corporation Limited	–	1,891,651,202	2.14	A share	Nil	–	State-owned legal entity
Capital Airports Holdings Company Limited	–	1,246,591,087	1.41	A share	Nil	–	State-owned legal entity
Shanghai Haiyan Investment Management Co., Ltd.[5]	–	808,145,417	0.91	A share	Nil	–	State-owned legal entity
Hong Kong Securities Clearing Company Limited[5]	(121,009,636)	768,175,707	0.87	A share	Nil	–	Foreign legal entity
Yunnan Hehe (Group) Co., Ltd.[5]	–	745,305,404	0.84	A share	Nil	–	State-owned legal entity
FAW Equity Investment (Tianjin) Co., Ltd.	–	663,941,711	0.75	A share	Nil	–	State-owned legal entity

Notes:

1. The relevant data and information are based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
2. According to the Bank's register of members, The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under Hong Kong Securities Clearing Company Nominees Limited ("**HKSCC Nominees Limited**").

3. Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of The National Council for Social Security Fund (the "**SSF**"). Other than the above shareholdings, the SSF held additional 611,307,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). As at the end of the Reporting Period, the SSF held a total of 12,149,795,900 A shares and H shares of the Bank, representing 13.75% of the Bank's total ordinary shares issued.
4. HKSCC Nominees Limited held the H shares of the Bank as a nominee. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and the SSF, respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders, respectively as well, which were registered in the Bank's register of members.
5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks* (CBRC Decree [2018] No. 1). 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorized and entrusted China National Tobacco Corporation to present at the Shareholders' Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Furthermore, the Bank is not aware of the existence of any related relationship among the other top 10 shareholders, or whether they are parties acting in concert as defined in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.
6. Except that the situation of HKSCC Nominees Limited is unknown, the top 10 shareholders and the top 10 shareholders not subject to sales restrictions of the Bank did not participate in margin trading and refinancing business.

2. Shareholdings of the Top 10 Shareholders not subject to Sales Restrictions

Name of shareholders (full name)	Number of shares held not subject to sales restrictions (shares)	Class of shares
The Hongkong and Shanghai Banking Corporation Limited	14,135,636,613	H share
The National Council for Social Security Fund	3,105,155,568	A share
	8,433,333,332	H share
HKSCC Nominees Limited	7,731,554,305	H share
China Securities Finance Corporation Limited	1,891,651,202	A share
Capital Airports Holdings Company Limited	1,246,591,087	A share
Shanghai Haiyan Investment Management Co., Ltd.	808,145,417	A share
Hong Kong Securities Clearing Company Limited	768,175,707	A share
Yunnan Hehe (Group) Co., Ltd.	745,305,404	A share
FAW Equity Investment (Tianjin) Co., Ltd.	663,941,711	A share
China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L-CT001 Hu	641,802,391	A share

3. *Substantial Shareholders and Holders of Interest or Short Positions Required to be Disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO")*

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

Name of substantial shareholders	Capacity	Number of A shares *(shares)*	Nature of interest[1]	Percentage of total issued A shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People's Republic of China	Beneficial owner	26,388,772,272[2]	Long position	49.46	29.86
The National Council for Social Security Fund	Beneficial owner	3,105,155,568[4]	Long position	5.82	3.51

Name of substantial shareholders	Capacity	Number of H shares *(shares)*	Nature of interest[1]	Percentage of total issued H shares (%)	Percentage of total issued shares (%)
The Ministry of Finance of the People's Republic of China	Beneficial owner	4,553,999,999[2]	Long position	13.01	5.15
HSBC Holdings plc	Interests of controlled corporation	14,135,636,613[3]	Long position	40.37	16.00
The National Council for Social Security Fund	Beneficial owner	9,044,640,332[4]	Long position	25.83	10.24

Notes:

1. Long positions held other than through equity derivatives.
2. To the knowledge of the Bank, as at the end of the Reporting Period, the Ministry of Finance of the People's Republic of China (the "**MOF**") held 4,553,999,999 H shares and 26,388,772,272 A shares of the Bank, respectively representing 5.15% and 29.86% of the Bank's total issued ordinary shares.
3. HSBC Holdings plc wholly owns HSBC Asia Holdings Limited, which wholly owns HSBC. HSBC beneficially held 14,135,636,613 H shares of the Bank. Pursuant to the SFO, HSBC Holdings plc was deemed to own the interests associated with 14,135,636,613 H shares held by HSBC.
4. To the knowledge of the Bank, as at the end of the Reporting Period, the SSF held a total of 9,044,640,332 H shares, representing 10.24% of the Bank's total issued ordinary shares; and held 3,105,155,568 A shares (please refer to the "Shareholdings of the Top 10 Ordinary Shareholders as at the end of the Reporting Period" table and notes), representing 3.51% of the Bank's total issued ordinary shares.

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

(II) Information of Preference Shares

As at the end of the Reporting Period, the Bank had 69 preference shareholders.

1. *Shareholdings of the Top 10 Preference Shareholders as at the end of the Reporting Period*

Name of shareholders (full name)	Increase or decrease during the Reporting Period (shares)	Number of shares held as at the end of the Reporting Period (shares)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
China Mobile Communications Group Co., Ltd.	–	100,000,000	22.22	Domestic preference share	Nil	State-owned legal entity
CITIC Trust Co., Ltd. - CITIC Trust Youyue No. 3 Collective Capital Trust Plan	–	20,000,000	4.44	Domestic preference share	Nil	Others
CSCF – China Merchants Bank – CSCF Baofu No. 3 Collective Capital Management Plan	–	19,350,000	4.30	Domestic preference share	Nil	Others
Ping An Life Insurance Company of China, Ltd. – Self-owned fund	–	18,000,000	4.00	Domestic preference share	Nil	Others
China National Tobacco Corporation – Henan Branch	–	15,000,000	3.33	Domestic preference share	Nil	State-owned legal entity
China Life Property & Casualty Insurance Company Limited – Traditional – Common insurance product	–	15,000,000	3.33	Domestic preference share	Nil	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Common insurance product	–	13,800,000	3.07	Domestic preference share	Nil	Others
HwaBao Trust Co., Ltd. – HwaBao Trust – Baofu Investment No. 1 Collective Capital Trust Plan	(3,389,500)	12,710,500	2.82	Domestic preference share	Nil	Others
CSCF – Bank of China – CSCF – Youxiang No. 33 Collective Asset Management Plan of Bank of China	–	11,200,000	2.49	Domestic preference share	Nil	Others
CCB Principal Capital Management – CCB – Zhuoyue No. 6 Collective Asset Management Plan of CCB Principal Capital Management	–	10,735,000	2.39	Domestic preference share	Nil	Others

Notes:

1. Shareholdings of preference shareholders are compiled according to the Bank's register members of preference shareholders.
2. "Percentage" refers to the percentage of number of preference shares held by preference shareholders in the total number of preference shares.
3. According to the *Administrative Measures on the Connected Transactions of Banking and Insurance Institutions* (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1), to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related to Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., which are among the top 10 ordinary shareholders of the Bank.
4. The Bank is not aware of the existence of any related relationship among the top 10 preference shareholders or any related relationship between the above shareholders and the top 10 ordinary shareholders, or whether they are parties acting in concert.

2. Dividends Distribution of Preference Shares

In accordance with the resolution and authorization of the Shareholders' Meeting, the 8th meeting of the 11th Session of the Board of Directors of the Bank was held on 28 August 2026, at which the proposal for the dividend distribution of the domestic preference shares was considered and approved.

The dividend on domestic preference shares was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which will be distributed on 7 September 2026.

3. Other information of Preference Shares

According to the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments* issued by the MOF, the *International Financial Reporting Standards 9 – Financial Instruments* and the *International Accounting Standards 32 – Financial Instruments: Presentation* issued by the International Accounting Standards Board as well as salient terms of the preference shares issued by the Bank, the preference shares of the Bank were accounted for as equity instruments.

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

(III) Issuance and Listing of Securities

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

The Bank privately issued 450 million domestic preference shares in September 2016. Assuming the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares.

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

For details of issuance and redemption of tier-2 capital bonds, undated capital bonds and total loss-absorbing capacity non-capital bonds of the Bank during the Reporting Period, please refer to "Management Discussion and Analysis – Capital Management – Capital Financing Management".

The Bank has no employee stock.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Economic and Financial Landscape

In the first half of 2026, China's economy maintained generally stable performance with the industrial structure pushing forward with innovation-led and high-quality development, demonstrating strong resilience and vitality. In the first half of 2026, China's gross domestic product recorded a year-on-year increase of 4.7%, with new driving forces represented by high-end manufacturing, digital economy and modern services contributing more than 40% to economic growth. The high-end manufacturing sector experienced robust growth, the consumer market in the service industry continued to expand, and foreign trade maintained a high growth rate. The aggregate amount of financing grew at a reasonable pace and the credit structure continued to optimize, and the adaptability of financial support to the real economy was constantly enhanced.

Financial policies were more proactive and effective at an earlier stage. “Two Renewals” and “Two Key Tasks” policies were improving, and 109 major projects under the “15th Five-Year Plan” were implemented at an accelerated pace. The initial issuance of ultra-long-term special government bonds has been accelerated and the progress of implementation was advanced. A package of policies has been adopted to promote domestic demand through fiscal and financial development coordination, with a focus on boosting consumption and private investment. Tools including loan with discounted interest rates, financing guarantees and risk compensation have been utilized to leverage financial resources and channels supported by financial funds to amplify the multiplier effect and enable the expansion of effective demand.

Monetary policy remained appropriately accommodative while emphasizing targeted and precise regulation. Various monetary policy tools such as reverse repurchase, medium-term lending facility and trading of government bonds, have been used for precise adjustment to maintain sufficient liquidity. A series of structural monetary policy measures have been introduced on the basis of the continued effectiveness of existing policies, to raise financial support in key areas through reducing interest rates, increasing quotas, expanding scope and other channels. Thus, a suitable monetary and financial environment has been developed for stable economic growth, high-quality development and stable operation of financial markets.

(II) Business Review

In the first half of 2026, the Group thoroughly implemented the decisions and arrangements of the CPC Central Committee and the State Council, adhered to the keynote of seeking progress while maintaining stability, stayed anchored to the “three stabilities and one optimization” operating goals, established and practiced a correct view of political achievements, integrated development and safety, and steadfastly advanced all aspects of its work, thereby remaining steady with progress and improvement in its business development and major indicator trend.

Enhancing the quality and efficiency of business development. During the Reporting Period, the Group’s net profit (attributable to shareholders of the parent company) and net operating income had a year-on-year growth rate of 4.04% and 6.77%, respectively, both of which outpaced the rate in the first quarter of the year; net interest margin increased by 2 basis points year-on-year to 1.23%, achieving recovery for stabilization, which drove an 8.62% year-on-year increase in net interest income, building on the positive growth in the previous year; subsidiaries and overseas branches became diversified drivers, and their contribution to the Group’s net profit attributable to the parent company increased by 3.67 percentage points compared to last year.

Featuring distinctive business growth. The Group improved the quality and efficiency of implementation of fiscal and financial support policy and structural monetary policy measures, by implementing the “five priorities” of finance in line with local situations; resolutely implemented national strategies for key regions, achieving the percentage of the balance of loans and advances to customers in the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area increasing by 0.16 percentage point from the end of last year to 54.15%; strengthened cross-border service capabilities by actively supporting enterprises in their “going global” strategy, achieving the balance of cross-border trade financing surging by 70.83% compared to the end of last year.

Increasing the efficiency of resource allocation. The Group enhanced the refined management of financial resources, thereby maintaining high growth in net operating income, while achieving business cost decreasing by 2.08% on a year-on-year basis, and cost-to-income ratio dropping by 2.47 percentage points on a year-on-year basis. Artificial intelligence technologies were further leveraged and successfully deployed in over 420 AI application scenarios covered and achieved positive results in business areas such as cross-border finance, inclusive finance, risk prevention and control, and anti-telecom fraud.

Maintaining resilient risk resistance. The Group strengthened the construction of its comprehensive risk management system, steadily advanced risk prevention and control in key areas, and secured the bottom line of preventing systemic risks. As at the end of the Reporting Period, the Group's non-performing loan ratio was 1.30% and the provision coverage ratio was 203.80%.

1. Development Strategies and Implementation

(1) Continuous promotion of high-quality development

Aligned with the vision of building China into a financial powerhouse, the Group adhered to the continuity of development strategies, took a forward-looking layout, focused on key areas to form distinctive features, improved the mechanism and system for promotion, and strived to create a new landscape of high-quality development.

– The Bank steadfastly fulfilled duties and missions by focusing on services for the real economy and advancing the "five priorities" of finance in a coordinated manner. Rooted in key tracks, core areas and key customer groups, the Bank concentrated resources to shape distinct advantages in comprehensive services, cross-border services and wealth management services, to achieve differentiated development.

– Cost reduction, quality improvement and efficiency enhancement have been put into place to continuously promote value creation. The development of digitalization has been deepened to improve management effectiveness and development resilience.

– To build a solid and resilient risk defense line, the Group has integrated a sound and prudent risk appetite and comprehensive and effective risk management tools throughout the entire process of business expansion and value creation, to promote high-quality development of the Group through high-quality risk management.

(2) Solid promotion of the "five priorities" of finance

Grounded in its positioning as a large state-owned bank and focusing on its main business and responsibilities, the Bank has promoted the coordinated development of the "five priorities" of finance, with the proportion of credit in such areas increasing. The Bank continuously improved the scope, adaptability and effectiveness of financial services for the real economy by strengthening top-level design, improving product systems, optimizing resource allocation and deepening reform and innovation.

– **Technology finance**. The Bank continued to optimize the multi-tiered technology finance services system, to provide technology-based enterprises with full-cycle, end-to-end, and relay-style financial services. In-depth research was conducted on the industry to acquire knowledge of industry laws, and to promote deep integration of technology, industry and finance.

– **Green finance**. The management of green loans was enhanced along the full process. As at the end of the Reporting Period, the balance of green loans increased by 9.67% compared to the beginning of the year. To develop distinctive features for the development of transition finance, based on the national and local transition finance catalogs, the Bank has transformational finance businesses worth over RMB10 billion in multiple sectors such as water transportation, agriculture and steel.

– **Inclusive finance**. The Bank continued to build brand and product systems of inclusive finance and rural revitalization. As at the end of the Reporting Period, the balance of inclusive small and micro loans increased by 5.40% compared to the end of last year, and the balance of agriculture-related loans increased by 5.91% compared to the beginning of the year.

– **Ageing finance**. Upholding "building a senior-friendly bank" as a development goal, the Bank continuously improved the level of elderly care financial services by increasing credit support to elderly care service institutions and enriching the supply of pension wealth finance. As at the end of the Reporting Period, the balance of loans to the elderly care industry increased by 9.26% compared to the end of last year.

– **Digital finance**. The Bank improved the digital finance system, optimized customer experience and process efficiency, and enhanced the convenience and competitiveness of financial services. The Bank focused on strategic key areas and innovation-driven digital products and services. As at the end of the Reporting Period, the balance of loans to the core industries of digital economy increased by 16.58% compared to the end of last year.

(3) Supporting Shanghai's development as an international financial center

As the only large state-owned commercial bank headquartered in Shanghai, the Bank gave full play to the advantages of comprehensive services and cross-border services, and strived to serve Shanghai's expansion of high-level opening-up at a higher starting point, contributing to enhancing the capability and competitiveness of Shanghai as an international financial center.

Resonating in unison, empowering the development of Shanghai's international financial center with unwavering commitment

Cultivating the Reform Pilot Zone and Highlighting Our Unique Strengths in Offshore Financial Services

By deeply aligning with Shanghai's Action Plan for Developing Offshore Finance, we continuously leveraged our integrated operational advantages across domestic and overseas markets, onshore and offshore accounts, as well as domestic and foreign currencies. As a pioneer, we were among the first batch of pilot banks to conduct offshore RMB foreign exchange transactions within the Shanghai Free Trade Zone. This initiative not only enriched the variety of market products but also provided global investors with a more convenient and diversified channel for offshore RMB asset allocation. We also achieved new breakthroughs in the issuance of free trade offshore bonds. Our Hong Kong Branch successfully issued the first Shanghai Free Trade Offshore Bond to introduce investors from the Free Trade Zone Accounting Units. Meanwhile, our Sydney Branch issued the market's first Shanghai Free Trade Offshore Transferable Certificate of Deposit, marking dual breakthroughs in both medium-to-long-term products and certificate of deposit products.

Building a Hub for Innovation and Strengthening Our Competitive Edge in Cross-Border Financial Services

We continuously iterated and upgraded our "BOCOM Trade Link" digital service platform. By enriching features such as the comprehensive foreign trade services zone, multi-currency remittances, and the exchange rate hedging dashboard, we enhanced the convenience and digitalization of our cross-border financial services. During the Reporting Period, the international balance of payments volume of the Bank in Shanghai reached USD173.839 billion, representing a year-on-year increase of 13.10%. As at the end of the Reporting Period, the balance of cross-border trade financing in Shanghai was RMB22.679 billion, surging by 72.62% compared to the end of the previous year. Transitioning from simply facilitating enterprises to "going global" to helping them "integrate locally," we focus on two core scenarios: cross-border trade and the global footprint of enterprises. We offer a wide range of financial products and services, including multi-currency remittances, cross-border financing, foreign-related letters of guarantees, global cash management, and exchange rate risk management.

Enhancing Market Vitality and Strengthening Global Resource Allocation

We have been deeply involved in the development of Shanghai's financial factor markets. Leveraging the Group's comprehensive operational advantages and our professional market-making capabilities, we maintained our position as an active dealer across money, bond, foreign exchange, and precious metals markets, ranking among the top in both proxy clearing volume in the interbank factor markets and settlement volume in the securities and futures markets. We facilitated the interconnection of financial markets, our business volume for initiatives such as "Bond Connect" and "Swap Connect" reached RMB977.2 billion. Furthermore, we have been exclusively approved to conduct "China-Brazil Connect" business. By linking with markets in key emerging economies, we are contributing BOCOM's strength to further consolidate Shanghai's pivotal role as a global hub for capital aggregation.

Expanding Comprehensive Contributions and Serving Shanghai's High-Quality Economic Development

Centered around the development of Shanghai's "Five Centers" and its "2+3+6+6" industrial system, we continuously increased financial support for key sectors and priority industries. As at the end of the Reporting Period, the loan growth rate of our Shanghai Municipal Branch reached 9.85%. We empowered the construction of a modern people's city, continuously deepened the "Efficient Handling of One Matter" initiative and continuously optimized convenient public services such as "Credit+Medicare service" and "BOCOM Government Connect". We also expanded the scope of age-friendly services by establishing the Jing'an Sub-branch as a benchmark elder-friendly outlet and closely integrating the national "Elderly Care in Megacities" deployment with local realities.

Case Study:

Addressing Macro Challenges through Micro Interventions – "BOCOM Trade Link" Resolving Pain Points in Foreign Trade

A technology-focused foreign trade enterprise in Shanghai has long-standing needs for foreign exchange settlement and sales. Facing the volatility of the USD/CNY exchange rate, our Shanghai Municipal Branch successfully assisted the enterprise in conducting online hedging transactions through the "BOCOM Trade Link" platform, in conjunction with a special exchange rate hedging campaign for micro, small and medium-sized foreign trade clients. By integrating platform capabilities with targeted products, we effectively streamlined business processes, enhanced service efficiency, and reduced operational costs for the client, thereby providing a more convenient and efficient cross-border financial service for foreign trade enterprises. During the Reporting Period, our Shanghai Municipal Branch facilitated foreign exchange hedging transactions totaling USD986 million for small and micro clients, representing a year-on-year growth of 173.89%.

2. *Corporate Banking*

◆ We effectively served as the key force in supporting the real economy. We increased credit allocation to key sectors and areas of weakness, driving both the overall growth and structural optimization of our corporate lending business. As at the end of the Reporting Period, the balance of corporate loans of the Group reached RMB6.46 trillion, representing a 6.80% increase compared to the end of the previous year. Among them, the balance of loans to the manufacturing sector by our domestic branches increased by 12.89% and the balance of loans to private enterprises increased by 8.74%.

(1) Technology finance services

The Bank elevated the development of technology finance to a strategic priority. By integrating it into the Group's 15th Five-Year Plan for coordinated advancement, we are committed to building a multi-tiered technology finance service system, using technology finance as a strategic lever to further enhance our advantages in comprehensive services and actively serving the national strategy of building China into a science and technology powerhouse.

We transformed our business development mindset by shifting from a traditional credit mindset which focuses on financial statements, collateral and historical data to an investment banking mindset that emphasizes management team, industry tracks and future prospects, placing enterprise value creation at the core. **We reshaped our evaluation system** by independently developing a "1+N" evaluation model for technology-based enterprises. This model accurately assesses enterprises' "technological capabilities" across multiple dimensions and integrates this assessment into the entire business process, including marketing access, credit approval and risk prevention. **We strengthened our industry research** by focusing on key sectors in technology finance, establishing dedicated research teams involving cross-departmental collaboration and participation of our head office, branches and sub-branches, thereby directing more finance resources to priority areas. **We optimized our organizational structure** by establishing dedicated technology finance promotion institutions including specialized departments, special task forces and flexible teams across more than 30 domestic branches. Taking the lead in Shanghai, Zhejiang, and Anhui, we have been cultivating a team of Sector Managers. **We were also committed to developing our ecosystem** by co-building a deeply integrated ecosystem of industry, academia, research, and application, and actively connecting with universities, research institutes and incubators, which helped to accelerate the commercialization of scientific and technological achievements. Furthermore, we strengthened our collaboration with China's three major stock exchanges and organized a series of events, such as "Visit to Stock Exchanges," for enterprises across various regions, empowering them to successfully enter the capital markets.

Case Study:

Multi-Party Ecosystem Relay and Accompanying Technology-based Enterprises throughout Their Full-Cycle Growth

Building upon our foundational credit services, we gave play to the comprehensive financial license advantage to provide integrated solutions encompassing equity, loans, bonds, leasing, and trusts, tailored to the growth trajectories of enterprises.

BOCOM Financial Asset Investment Co., Ltd. actively invested in technology-based enterprises through debt-to-equity swaps and equity investment pilot program. The company invested in certain industry leaders through debt-to-equity swaps. It also registered several AIC equity pilot investment funds. The effectiveness of serving technological innovation and industrial upgrading continues to become evident.

BOCOM International Trust Co., Ltd. jointly established Shanghai's first S-strategy fund of funds co-led by a financial institution and local authorities, focusing on Shanghai's three leading industries and six new pillar industries.

BOCOM International Holdings Company Limited successfully completed seven equity financing projects in the hard-core technology and new quality productive forces sectors, with a total financing scale of HKD13.784 billion.

Leveraging its unique advantages of "financing + asset leasing" business model, **BOCOM Financial Leasing Co., Ltd.** accelerated its presence in the technology-oriented sectors and successfully completed its first-ever satellite leasing transaction. As at the end of the Reporting Period, the balance of its technology leasing business reached RMB53.34 billion.

(2) Inclusive services for small and micro enterprises

We diligently advanced the development of inclusive finance, and with full support to the Coordination Mechanism for Supporting Small and Micro Enterprise Financing, the Bank continuously enhanced the financial services for small and micro enterprises. The Bank continued to enrich the brand essence of BOCOM Zhanyetong and BOCOM Yinongtong, and enhanced the on-line service capability of the "Zhanye e-Loan" and "Yinong e-Loan" product series. We thoroughly implemented the "BoCom Business Connect • National Scan-to-Access Campaign" initiatives, promoted active credit granting and the "Credit+" service model. Furthermore, we strengthened the coordinated development of inclusive finance and technology finance to increase the coverage of credit granting among key inclusive sci-tech clients. We accelerated data-driven empowerment to further enhance digital risk management capabilities, continuously strengthened post-loan management and compliant operations, and strictly adhered to risk and compliance standards.

As at the end of the Reporting Period, the balance of inclusive loans to small and micro enterprises was RMB957.823 billion, representing an increase of RMB49.595 billion or 5.46% from the beginning of the year. The number of customers with outstanding loans stood at 518.0 thousand, representing an increase of 22.4 thousand or 4.52% from the beginning of the year.

(3) Investment banking services

The Bank integrated into its offerings diversified investment and financing products such as domestic and overseas bonds, equities and M&A financing, and actively served key national strategies including technological innovation, green low-carbon, high-level opening up, and regional development. During the Reporting Period, the Bank's scale of underwriting of debt financing instruments issued by non-financial enterprises amounted to RMB62.834 billion. We supported the cultivation of new quality productive forces and the development of key sectors through M&A finance. During the Reporting Period, the volume of new M&A loans originated by our domestic branches increased by 60% year-on-year.

(4) Customer development

Serving national development strategies and regional economic layouts and guided by a customer-centric service philosophy, we made every effort to implement the customer base enhancement project of "strengthening medium-sized customers, stabilizing large customers, and expanding small customers." We have built BOCOM's "Baihe Qianlian" industry-finance ecosystem to elevate our digital chain-cluster management capabilities for clients in key industries and emerging sectors, enabling us to swiftly perceive client needs and precisely match them with our financial services. The Bank continued to implement tiered and segmented management of corporate clients and provided refined, professional, and integrated services. By accompanying our clients throughout their entire life cycle, we drove mutual success in bank-enterprise cooperation. As at the end of the Reporting Period, the number of corporate clients of our domestic branches increased by 3.23% compared to the end of the previous year.

We established a collaborative coordination mechanism for group clients, optimized our service models, policy support, and business processes and strengthened the Group's collaborative operating capabilities on a cross-border and cross-regional basis. As at the end of the Reporting Period, the Group had 143,400 group clients, representing an increase of 9,015 from the end of the previous year. Furthermore, we fully leveraged the benefits of the organizational reform in our government and institutional business sector, and continued to deepen our bank-government cooperation. We actively participated in digital government initiatives and urban digitalization transformation processes, helping to deliver streamlined government services and build a smart government product ecosystem.

(5) Scenario development

We enhanced the digitalization level of our industrial chain finance. By intensifying product system innovation, we made full use of domestic trade credit insurance to facilitate policy financing, actively promoted the "Insurance + Credit + Financing" model, and continuously iterated on our "second-level" financing product line, leveraging technology to boost service efficiency and optimize the customer experience. During the Reporting Period, the volume of industrial chain finance business reached RMB361.073 billion, representing a year-on-year increase of 13.13%. We served 44,800 upstream and downstream enterprises in the industrial chain, representing a year-on-year growth of 17.3%. Through our comprehensive "Power Grid Connect" service solution, we deepened our cooperation with the three major national grid groups and their upstream and downstream customers. During the year, we acquired 2,774 new "Power Grid Connect" clients and issued RMB45.681 billion in financing.

We built a new ecosystem for corporate treasury management. We upgraded and launched the "Win-to Treasury Management System (Cloud Cross 3.0)," establishing six core capabilities: global account management, omni-channel payments, fund allocation, budget and risk control, ecosystem integration, and decision analytics, which empowered enterprises to elevate their treasury management from "passive response" to "proactive foresight." As at the end of the Reporting Period, we had cumulatively served 4,187 group clients, representing a 64.13% increase compared to the end of the previous year. Furthermore, leveraging the "BOCOM e-Supervision Platform," we delivered penetrative fund supervision capabilities to scenarios such as government affairs and public welfare, cumulatively serving 11,511 projects.

(6) Ageing finance

The Bank is committed to building "an elderly-friendly bank" and continuously advancing a comprehensive service system that covers five key areas: ageing industry finance, pension fund finance, ageing wealth management finance, ageing consumption finance, elderly-friendly enhancement of financial services, and the protection of rights.

Financial support for the ageing industry continued to be promoted. We optimized our distinctive "Elderly Care e-Loan" product and actively promoted the implementation of service consumption and elderly care re-lending policies to support the development of elderly care service providers and entities in the silver economy. As at the end of the Reporting Period, the Bank's loan balance for the ageing industry increased by 9.26% compared to the end of the previous year. The scale of pension financial services grew rapidly. We vigorously promoted social security cards, annuities, and personal pension services, maintaining our pension fund custody scale at the forefront of the industry. Financial supply of ageing wealth management was enriched, with our subsidiaries maintaining a competitive edge in specialized areas such as the scale of ageing target fund under management and the yield rates of ageing wealth management products. The Bank promoted financial support for ageing consumption. We offered benefits such as payment discounts and exclusive travel services for senior-aged customers in selected regions to stimulate consumption among elderly consumers. Financial services became more elderly-friendly. We prioritized the development of specialized pension finance branches to upgrade age-friendly facilities and services. Furthermore, we intensified the building of the ageing finance ecosystem. We have implemented prepaid fund supervision services for elderly care facilities across multiple regions nationwide, safeguarding the "wallets" of the elderly people. As at the end of the Reporting Period, 26 domestic branches had obtained the qualification to serve as custodian banks for prepaid fund supervision of local elderly care facilities, cumulatively serving over 800 such facilities. Centering on core lifestyle needs of the elderly people including healthcare, nutrition, housing, transportation, recreation, wellness, and education, the Bank made efforts to build an integrated "elderly care + financial services" ecosystem.

3. Personal Banking

- We established a mechanism for the coordinated development of retail AUM and savings deposits, offering diversified asset allocation services to customers. We strengthened the balanced management of deposit volume and pricing, and continuously optimized the deposit structure. As at the end of the Reporting Period, the AUM of personal customers of our domestic branches reached RMB6.32 trillion, growing by 5.79% from the end of the previous year. Personal deposit balances reached RMB4.31 trillion, representing an increase of 6.08% from the end of the previous year. During the Reporting Period, the average annualized cost rate of personal deposit decreased by 37 basis points year-on-year.

- We resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council on expanding domestic demand and promoting consumption, thoroughly carried out the package of fiscal-financial policies to boost domestic demand, and actively innovated financial products and service models to improve service quality and efficiency. As at the end of the Reporting Period, the balance of personal loans reached RMB2.76 trillion.

(1) Wealth management

As one of the first commercial banks in China to establish a presence in wealth management, the Bank continuously strengthened its professional capabilities, optimized product offerings, deepened multi-party collaboration, and expanded service coverage. Leveraging our core business advantage in urban financial service networks, we explored a differentiated development model of "urban customer group + premium products + distinctive scenarios" by focusing on distinctive strengths, pursuing differentiated development, and making strategic deployment in key areas, with aims to forge our edge in resident wealth management and make convenient and customer-centric financial services accessible to the general public.

Pursuing Excellence with Craftsmanship to Safeguard Household Wealth

Finance for the People, Growing Together

We deeply cultivated our wealth management brand, leveraging two decades of professional expertise in "OTO Fortune" to help a vast number of customers navigate market cycles and serve as a trusted "wealth steward". As at the end of the Reporting Period, the AUM of OTO Fortune customers increased by 7.08% from the end of the previous year. We advanced the "100 Cities and 10,000 Households" project, collaborating with leading asset management institutions to extend our financial services to second-, third-, and fourth-tier cities as well as county-level areas, expanding our service radius to meet the multi-tiered and diversified wealth management needs of the public. During the Reporting Period, the project covered over 200 operating units. We also launched the "OTO Wealth Management Tour Across Ten Thousand Miles" to innovate investor education, enhance residents' understanding of wealth management, and deliver professional services right to their doorsteps. During the Reporting Period, we held 121 events across 63 cities.

With Professionalism and Commitment, Enhancing Service Offerings

We strengthened full-chain financial services, leveraged our comprehensive financial licenses and cross-border network advantages, and deepened bank-subsidiary, cross-border, and channel synergies to tailor one-stop wealth management solutions for customers. We further enhanced the coordinating role of our Head Office Wealth Management Department, diversified product offerings, and built an "OTO Choice" product shelf driven by research and investment insights. We are committed to optimizing a client-centric full-lifecycle service model in wealth management, shaping a new landscape of professionalism, integration, and end-to-end excellence.

Deepening Footprint and Enriching Ecosystem

In response to trends such as population ageing and the AI technology wave, we further enriched the connotation of wealth management. We enhanced our pension wealth management service system to better address the diverse pension needs of our customers. As at the end of the Reporting Period, we offered 253 individual pension products on sale, covering deposits, wealth management products, funds, and insurance. We also provided 405 age-friendly products under the "Elderly Care Select" series, including 180 insurance products that accept applicants aged 70 or above. Leveraging technology to enhance service experience, we deepened the application of AI in our personal wealth management systems, enabling dynamic performance monitoring.

(2) Private banking

The Bank remains committed to a customer-centric approach, advancing the digital-intelligent and integrated business layout for its private banking clientele. We deepened the application of artificial intelligence in wealth management, developed an AI agent for customer engagement and established a closed-loop digital-intelligent operating system to assist relationship managers in identifying client marketing leads, promoting key products, and inviting clients to events. Profoundly recognizing the political and people-centered nature of financial work, we launched a series of activities themed on promoting Chinese civilization, such as "Cultural Continuity through the Past and Present", "Visiting Prestigious Universities" and "Scholarly BOCOM", continuously enriching the formats and substance of these events.

We made ongoing efforts in improving the access mechanism for partner institutions, maintaining a stable supply of low-volatility and prudent products as our foundation. We diversified our product strategies and increased the supply of equity-linked products. Leveraging our professional asset allocation capabilities, we provided our customers with full-lifecycle advisory services. We addressed customers' needs in wealth preservation and succession, comprehensive retirement planning, business operation and governance, and philanthropic planning. Furthermore, we focused on the contemporary theme of "wealth for good" and explored innovative pathways in philanthropic finance.

(3) Personal lending

We practiced inclusive finance by focusing on the dual-core value proposition of "Benefiting Life and Benefiting Business", and leveraging our overall personal loan brand "BOCOM Hui Dai". We actively implemented policies to stabilize the property market, fully supported residents' financing needs for both first-home and improved-home purchases, and deepened collaboration with high-quality channel partners. We promoted digital and intelligent applications across the entire mortgage process to effectively enhance the customer application experience. As at the end of the Reporting Period, the outstanding balance of housing loans stood at RMB1.40 trillion. During the Reporting Period, new disbursements of housing loans by our domestic branches amounted to RMB68.7 billion. Focusing on residents' consumption of services and new types of consumption, we stepped up innovation in consumer finance products, expanded application scenarios, and optimized services, and launched the convenient "Jiaoxin Pay" function, delivering "enjoyable consumption with subsidized interest on loans." We actively aligned with emerging consumption scenarios such as battery leasing, and established headquarter-level partnerships with 27 major automotive brands. During the Reporting Period, new disbursements of consumer loans by our domestic branches totaled RMB230 billion. We promoted the "Cultural Tourism Benefit Loan" financial service brand, upgraded the "Government Subsidies Loan", an online unsecured business loan product for dealers participating in the national subsidy program, strengthened the product competitiveness of personal business loans, refined customer acquisition strategies around ecosystem and supply-chain scenarios, and improved the supply of financing to enhance the precision of financial services for individual industrial and commercial households and owners of micro and small enterprises. During the Reporting Period, new disbursements of personal business loans by our domestic branches reached RMB205.7 billion.

We reinforced our risk prevention and control capabilities in retail credit and accelerated the digital and intelligent transformation. In light of both internal and external risk conditions, we continuously enhanced the forward-looking and effectiveness of risk management, iteratively upgraded our risk control model system, strengthened joint prevention and control against fraud, and further refined our collection system. We strengthened asset quality management and control from three aspects: improving the quality of new business, enhancing management of existing business, and resolving material risks. During the Reporting Period, we developed 14 new models, with the models' discriminative capability improving significantly. We also enhanced our public anti-fraud framework, upgraded defenses against fraud in illegal and grey-industry activities such as professional debt-taking, and cumulatively avoided losses exceeding RMB1.8 billion. We were deeply engaged in the "AI+" initiative and promoted new applications such as AI agent for retail credit services. As at the end of the Reporting Period, nearly 40 application scenarios had been deployed in the retail credit business, ushering in a new landscape for human-machine collaborative applications.

(4) Credit cards

We resolutely implemented the strategies and deployments of the CPC Central Committee on expanding domestic demand and promoting consumption, and continued to release the dividends from localized operation transformation. In the first half of the year, we seized the opportunity from government-subsidized interest rates policy by continuously expanding the supply of installment services. During the Reporting Period, subsidized installment transaction volume for credit cards reached RMB46.3 billion, with subsidy amounts totaling RMB101 million, maintaining a leading market position. We enhanced our "Red Friday" brand, and continued to focus on the new service consumption sectors, by prioritizing the layout of potential consumption scenarios such as cultural tourism, health and wellness, sports events, and self-fulfillment. During the Reporting Period, the transaction volume of credit cards amounted to RMB973.4 billion, and transaction count amounted to 2.47 billion. We enriched the credit card product portfolio, upgraded the diversified rights and interests supply, and launched characteristic products such as "Cultural Tourism Card", "Benefit Enjoyment" and "Pet Card" tailored to key scenarios and customer bases to better meet our customers' finance needs.

(5) Retail customers

We solidly advanced the project to strengthen the customer base, focusing on key source customer segments such as payroll customers and social security customers, and intensifying efforts in batch customer acquisition. We strengthened our digital-intelligent operational capabilities, used AI models to gain insights into customer needs, employed digital and intelligent tools to engage customers in real time, created an online and offline full-tier customer management model, enhanced the customer growth system, enriched the matrix of customer product rights and benefits, and improved the tiered and categorized service system for customers. As at the end of the Reporting Period, the number of retail customers of our domestic branches reached 208 million, representing an increase of 1.52% compared to the end of the previous year. The number of OTO Fortune's customers increased by 5.44% compared to the end of the previous year.

(6) Scenarios and payments

We continuously strengthened coordination and cooperation with relevant government departments in the culture and tourism, commerce, and other sectors, to serve the development of local cultural tourism and related industries. We organized nine "Cultural Tourism Grand Show – Walk Into" campaigns, and partnered with government departments to cultivate both online and offline consumption scenarios, thereby boosting cultural tourism spending. Notably, we innovatively launched the "Walk Into the Vibrant Life" Shandong event, further enhancing our brand image. Leveraging the cultural tourism zones of our mobile banking and Go Pay APP, we jointly conducted distinctive online marketing campaigns with leading local cultural tourism merchants. As at the end of the Reporting Period, we launched the "Cultural Tourism Grand Show" project in over 20 provinces, with bank card consumption in the cultural tourism sector exceeding RMB100 billion.

We advanced the integrated operation of credit and debit card consumption in a coordinated manner. By partnering with leading e-commerce platforms to launch a series of bank card payment binding and marketing campaigns, we effectively boosted customer consumption activity. We continuously optimized customers' payment and settlement service experience and enhanced payment convenience for foreign nationals residing in China. During the Reporting Period, the coverage rate of foreign card acceptance at merchants in key regions and key industries remained at 100%. We cooperated with non-bank payment institutions to strengthen joint risk prevention and control and improve transaction success rates. Focusing on the needs of new urban residents, we extended financial services to their daily lives as they settle in the city, providing exclusive financial products and services. As at the end of the Reporting Period, the cumulative issuance of New Citizen-themed debit cards reached 3.6589 million.

4. Inter-bank and Financial Market Business

◆ The Bank actively served the development of a modernized financial market system with Chinese characteristics, intensively participated in the development of financial markets including bond market, money market and foreign exchange market, strengthened its market making and quotation capabilities, deepened cooperation in financial factor markets, optimized professional custody services, and transformed financial market products into quality financial services that meet the needs of economic and social development and various customers, constantly enhancing its capabilities to serve the real economy.

(1) Inter-bank business

The Bank intensified services across the financial factor market to support Shanghai's development as an international financial center. It assisted the inter-bank market in enhancing settlement efficiency by extensively expanding services such as central counterparty agency clearing and foreign exchange settlement banking, participated in projects innovation involving blockchain-based settlement in the inter-bank foreign exchange market, and acted as agents for market institutions in settling the market's first transaction. In collaboration with the Shanghai Clearing House and the Hubei Carbon Emission Exchange, the Bank launched the first batch of carbon emissions allowance online pledge financing business in Hubei, empowering the green and low-carbon transformation of the real economy through financial innovation. The Bank is deeply engaged in developing its digital supporting services for the gold market, with Shanghai Gold Exchange's custodian bank services ranking among the top in the market for the number of financial institution members served. The Bank continuously enhanced the intelligence level of securities and futures market settlement services, providing robust safeguards for market security and stability. During the Reporting Period, the Bank ranked among the top in the market in terms of each of the fiduciary clearing volume at Shanghai Clearing House and the fiduciary settlement volume at Shanghai Gold Exchange and securities, futures and other financial markets.

The Bank expanded its collaborative scenarios with industry peers to promote the healthy and stable development of the capital markets. We have established third-party custody partnerships with 107 securities firms, margin financing and securities lending custody collaborations with 91 securities firms, and bank-futures transfer services with 147 futures companies. These arrangements provide settlement and related services for corporate and individual clients participating in capital market investments and trading.

(2) Financial market business

The Bank diligently fulfilled its duties as a mainstay in serving the real economy and a ballast in maintaining financial stability. The Bank continuously enhanced the professional research and judgment of macroeconomic dynamics and financial market trajectories, adhered to the macro-prudential principle, dynamically adjusted the pace and strategies of the bond investment, and addressed various financing demands in major strategic initiatives, key sectors and vulnerable areas. Through optimizing the types of portfolio and the term structure, and coordinating and maintaining a balance among safety, liquidity and return, the Bank provided robust support for the implementation of proactive fiscal policy and the financing requirements of the real economy, thereby contributing to high-quality economic and social development.

Leveraging its integrated service capabilities, the Bank proactively engaged in market-making, quotations and trading activities, thereby reinforcing the foundation for domestic benchmark pricing and enhancing the influence of the "Shanghai Price". During the Reporting Period, the RMB money market trading volume of the Bank's domestic branches totaled RMB70.16 trillion, with the foreign currency money market trading volume of USD0.57 trillion, the RMB cash bond trading volume of RMB6.27 trillion, the inter-bank foreign exchange trading volume of USD2.05 trillion, the proprietary gold trading volume of RMB1.69 trillion, continuing to defend its position as an active market trader.

(3) Asset custody business

By actively embracing the "+Custody" and "Custody+" services philosophy and integrating the Group's resources, the Bank satisfied the diversified, integrated and global comprehensive financial needs of its clients on an all-around basis. The Bank focused on pension fund custody, with an increase of over 600 annuity custody clients, thereby driving the expansion and enhanced efficiency of its pension finance services. The Bank strengthened cross-departmental synergies across the Group, accelerated its development in high-quality custody products including public funds, insurance products, and bank wealth management products. The Bank also served as custodian for the first batch of innovative products, including over-the-counter STAR & ChiNext AI index funds, catering to the evolving wealth management needs of residents. In compliance with the latest regulatory requirements governing custody operations, the Bank refined its custody business policy framework and diligently performed the duties as a custodian, with no major risk incidents occurring.

As at the end of the Reporting Period, the total assets under custody reached RMB11.27 trillion, including RMB3.45 trillion in pension funds, RMB2.38 trillion in securities investment funds, and RMB1.75 trillion in bank wealth management products.

5. *Feature of Comprehensive Services*

- The Group has established a development pattern with commercial banking as the main body, in close coordination and connection with other financial services including financial leasing, fund management, wealth management, trust, insurance, overseas securities and debt-to-equity swap, so as to provide comprehensive financial services for customers.

- During the Reporting Period, the Bank's subsidiaries[1] earned a net profit attributable to shareholders of the parent company of RMB6.694 billion, representing 13.98% of the Group's net profit (attributable to shareholders of the parent company). As at the end of the Reporting Period, total assets of the subsidiaries stood at RMB777.073 billion, representing 4.78% of the Group's total assets.

  BOCOM Financial Leasing Co., Ltd. As the Bank's wholly-owned subsidiary, the company was set up in December 2007 with a registered capital of RMB20.0 billion, and is the Chief Administration Unit of the China Banking Association's (CBA) Financial Leasing Committee as well as the Chief Administration Unit of the Shanghai Banking Association's Financial Leasing Committee. During the Reporting Period, the company adhered to the development strategy of "specialization, internationalization, differentiation and specialization", deepened its efforts in shipping, aviation, equipment leasing and other business sectors, and received a total of 12 prestigious awards. As at the end of the Reporting Period, total assets were RMB456.470 billion, and the balance of leasing assets was RMB402.312 billion. The balance of net assets was RMB55.275 billion. The company owned and managed 433 ships. The balance of aircraft charter assets amounted to RMB157.487 billion, ranking first among its peers in terms of leasing assets. The company also had a fleet of 328 planes and a balance of aviation leasing assets amounting to RMB99.089 billion, and established a project company for the first time at the large aircraft aviation industrial park in Lingang New Area, and delivered one C919 aircraft to Air China. During the Reporting Period, the company generated operating income of RMB16.337 billion; and net profit was RMB2.868 billion, representing a year-on-year increase of 23.54%.

1 Excluding Bank of Communications (Luxembourg) S.A., Banco BoCom BBM S.A. and Bank of Communications (Hong Kong) Limited, the same applies hereinafter.

During the Reporting Period, the company continued to deepen its transformation and innovation efforts, with new infrastructure and new energy leasing operations accounting for nearly 70% of equipment leasing deployments. We actively supported high-level technological self-reliance and self-strengthening, with the technology leasing business balance reaching RMB53.340 billion. The company completed its first satellite finance leasing business, which provided robust support for the high-quality development of the commercial aerospace industry and refined the Company's full-spectrum layout covering maritime, land, aviation and space sectors. The company also successfully launched compute server operating leasing business. During the Reporting Period, the company coordinated with 26 domestic branches of the Bank to achieve a financing scale of RMB26.401 billion. It continuously reinforced the cooperation with multiple domestic branches of the Bank and successfully originated over RMB5 billion of new residential distributed solar photovoltaic operating lease business. The company also, in synergy with Shanghai Branch of the Bank, facilitated the development of battery operating leasing business. As at the end of the Reporting Period, direct leasing business accounted for 63% and operating leasing assets accounted for 54.05%, both maintaining industry-leading positions.

BOCOM International Trust Co., Ltd. The company was set up in October 2007 with a registered capital of RMB5.765 billion, of which the Bank and Hubei Provincial Communications Investment Group Co., Ltd. contributed 85% and 15% shares, respectively. The main business scope includes asset management trusts, credit asset securitization, corporate asset securitization, qualified domestic institutional investor (QDII), family trusts, insurance fund trusts, family service trusts, risk disposal service trusts, prepaid fund service trusts, public welfare and charity trusts, etc. The company, grounded in its capacity as a trustee, leveraged the functional advantages of the trust mechanism, deepened synergy with the Bank, and proactively served the real economy and the pursuit of a better life for the people. As at the end of the Reporting Period, the total assets were RMB19.3 billion, the net assets were RMB17.762 billion and the trust assets under management of the company amounted to RMB1,068.853 billion, representing a year-on-year increase of 65.88%. During the Reporting Period, the company's operating income remained stable, achieving net profit of RMB113 million, and an additional provision of RMB362 million was made, further strengthening the risk cushioning capacity.

During the Reporting Period, the company fully leveraged its functional strengths in trust services to actively integrate into the Group's strategy, and implemented the "five priorities" of finance in line with local situations to support the high-quality development of the real economy. The company focused on key areas of technological innovation, expanded its presence in technology and innovation-focused bonds and private equity investments. Centering on green industries such as new energy power generation, energy conservation and environmental protection, and energy storage, the company enhanced its product innovation and provided diversified financing support, achieving a green finance balance of RMB11.047 billion. Leveraging special needs trusts as a vehicle, the company launched elderly care service trusts, such as "Anfu Xiangban" series of products, which continuously diversified its pension financial product offerings, to meet clients' retirement planning demands. The company also innovatively launched "fixed income+" products, including "Jiaoxin Xiangrong" and "Jiaoxin Zhiyuan" series of products, facilitating the rollout of portfolio allocation products, and continuously enhancing the market competitiveness of its asset management trust products.

Bank of Communications Schroder Fund Management Co., Ltd. The company was set up in August 2005 with a registered capital of RMB200 million. It was jointly contributed by the Bank, Schroder Investment Management Limited and China International Marine Containers (Group) Co., Ltd., with the shares accounting for 65%, 30% and 5%, respectively. The primary businesses include fund raising, fund sales and asset management. As at the end of the Reporting Period, the company had public offering funds of RMB553.9 billion, representing an increase of RMB51.6 billion as compared with the beginning of the year, of which non-monetary fund was RMB253.4 billion, representing an increase of RMB28.4 billion as compared with the beginning of the year, and major product categories, including active equity, "fixed income+" products, bond funds, monetary funds and FOFs, all recorded growth. During the Reporting Period, the company yielded a net profit of RMB419 million, representing a year-on-year increase of 2.43%.

During the Reporting Period, the company diligently fulfilled the requirements for the high-quality development of public offering funds, adhered to the business philosophy centered on the best interests of investors, continuously deepened the platform-based development of investment and research capabilities, steadily enhanced the synergy between investment and research functions as well as the quality and efficiency of investment decision-making. It proactively advanced the reform of performance benchmarks, striving to improve medium-to-long term investment performance and investor returns. Guided by the development direction for equity public offering funds, the company further expanded its product offerings with equity assets, launched multiple new FOFs and quantitative products, and created a product offering with equity assets featuring diversified risk-return profiles and investment strategies. Leveraging its expertise and strengths in asset management, the company actively integrated it into the wealth management strategy of the Group. During the Reporting Period, a total of five newly launched products were selected as the monthly key products of the Bank, of which, the BOCOM Woxiang Wenjian FOF was jointly launched with domestic branches, recording an aggregate issuance amount exceeding RMB2 billion.

BOCOM Wealth Management Co., Ltd. As a wholly-owned subsidiary of the Bank, the company was set up in June 2019 with a registered capital of RMB8.0 billion. It primarily issues wealth management products of fixed income, equity, commodities, financial derivatives and hybrid categories to customers. During the Reporting Period, the company adhered to the customer-centric principles and established an open and diversified omni-channel system with the Bank as the main body. The company continuously developed a product line with low volatility, stability and strong predictability, aiming to create stable and sustainable value returns for investors. As at the end of the Reporting Period, the balance of wealth management products managed by the company was RMB1,746.2 billion. The company's total assets and net assets were RMB16.059 billion and RMB15.402 billion, respectively. The company's net profit during the Reporting Period was RMB919 million, representing a year-on-year increase of 18.94%.

During the Reporting Period, the company faithfully fulfilled its mission of serving the real economy through product issuances, asset investments and other activities. The company deeply integrated with the Group's strategy, stepped up synergetic efforts across products, distribution channels, assets and other aspects, continuously enhanced value creation, and contributed RMB1.156 billion in synergetic income to the Group. The company persistently advanced product innovation and investment-research upgrade to enhance its core competitiveness, while supporting the Group in creating its distinctive wealth management business. During the Reporting Period, the company was honored with the "Five-Star Wealth Management Product of Closed-End Fixed Income Award" and the "Five-Star Wealth Management Product of Open-End Fixed Income Award" granted by the Investment Association of China, and successively won over 14 awards, including the Golden Reputation Award, the Golden Toad Award and the Jiepu Award, recognizing its institutional strength, investment performance, product innovation and digital technology achievements.

BOCOM MSIG Life Insurance Co., Ltd. The company was set up in January 2010 with a registered capital of RMB5.1 billion, of which the Bank and the MS&AD Insurance Group hold 62.50% and 37.50% shares, respectively. The business scope includes life insurance, health insurance, accident insurance and reinsurance businesses of the aforementioned insurances in Shanghai as well as regions where its branches were established. As at the end of the Reporting Period, the company's total assets and net assets were RMB178.297 billion and RMB10.283 billion, respectively. During the Reporting Period, the company further focused on its main business and responsibilities for insurance, continuously strengthened professional management, and maintained an overall stable and improving trend in its operating and management. The company achieved a cumulative income of RMB1.392 billion from insurance services, maintaining stable year-on-year. Meanwhile, operating revenue was RMB6.618 billion, representing an increase of 56.73% year-on-year; and net profit was RMB1.449 billion, representing an increase of 127.86% year-on-year, which was primarily attributable to the favorable performance of the capital markets, and a year-on-year increase in investment income from equity assets.

During the Reporting Period, the company continued to leverage its insurance expertise to deeply integrate into the strategic framework of the Bank, serving the integrated financial business construction of the Group, while supporting the development of Group's inclusive finance and pension finance initiatives. In key areas of inclusive insurance, the number of insured persons covered during the year reached 148,500, representing a year-on-year increase of 78%. The company was selected as the member of the co-insurance consortium for "Shanghai Huibao", an urban customized commercial medical insurance, for the fourth consecutive year. It proactively expanded its third-pillar pension insurance offerings by developing a BOCOM Pension Annuity Insurance, which accepts policyholders up to the age of 92. The number of new individual pension account customers increased by 10,537, representing a year-on-year increase of 21%.

BOCOM Financial Asset Investment Co., Ltd. As a wholly-owned subsidiary of the Bank, it was set up in December 2017 with a registered capital of RMB15.0 billion. As one of the first pilot banks to implement debt-to-equity swap as determined by the State Council, it is mainly engaged in debt-to-equity swap and supporting services, and carried out pilot equity investment business under the AIC in accordance with applicable national policies. As at the end of the Reporting Period, the company's total assets and net assets were RMB80.741 billion and RMB29.545 billion, respectively. During the Reporting Period, the company's net profit amounted to RMB1.466 billion, representing a year-on-year increase of 175.64%.

During the Reporting Period, the company proactively leveraged its equity investment capabilities to strengthen the foundation of technology-driven financial services, accelerating the development of the bank's distinctive technology-focused financial services. The focus was on key areas such as technology finance and green finance to support the healthy development of the real economy. The company continuously improved its domestic branch coordination mechanism, further strengthened the synergy mechanism between the Bank and its subsidiaries in collaborative marketing, and actively explored a business model prioritizing "regions + industries, with industry tracks taking precedence." Based on national technological industry development priorities and the Group's strategic deployment, it further focused on key industry tracks and comprehensively enhanced investment research capabilities. During the Reporting Period, the company continued to intensify its support for technology finance, with the number and amount of new pure equity investment projects both increasing by more than 200% year-on-year. The company also actively enhanced its visibility in its "Shanghai Home Base" by stepping up investment efforts, with the investment amount of Shanghai-based pure equity investment projects accounting for over 60% during the Reporting Period.

BOCOM International Holdings Company Limited The company was set up in June 1998 (formerly known as Communications Securities Co., Ltd. It changed its name to BOCOM International Holdings Company Limited in May 2007). It was listed on the Main Board of the Hong Kong Stock Exchange on 19 May 2017. The main businesses include securities brokerage and margin financing, corporate financing and underwriting, asset management and consulting, investment and loan, the Bank contributed 73.14% shares of the company. During the Reporting Period, the company further focused on its main business and responsibilities, adhered its functional positioning of serving the real economy, continuously strengthened risk control, and enhanced the quality and efficiency of business management by focusing on "increasing revenue, reducing costs, and strengthening capabilities". As at the end of the Reporting Period, the company had total assets of HKD14.868 billion and net assets of HKD982 million. During the Reporting Period, the company's loss decreased year-on-year constantly, with a net loss of HKD77 million.

China BOCOM Insurance Co., Ltd. As a wholly-owned subsidiary of the Bank, it was set up in November 2000 with a registered capital of HKD400 million. The main business includes the operation of 17 types of general insurances approved by the Insurance Authority of Hong Kong. As at the end of the Reporting Period, the company had total assets of HKD1.148 billion and net assets of HKD590 million. During the Reporting Period, the company realized a net profit of HKD6.81 million.

The company works closely with the Group to promote high-quality development of the principal insurance business. It actively serves the risk protection needs of Hong Kong residents in areas such as housing, travel, healthcare, and education, and continues to provide risk coverage for certain industry leaders, universities, middle and primary school, Hong Kong public hospitals, numerous Hong Kong environmental groups and community care organizations, as well as eco-friendly hotels. It actively participates in various activities organized by the Hong Kong Chinese Insurance Association and the Hong Kong Federation of Insurers, deeply discussed topics such as innovative technology, southbound travel for Guangdong vehicles, cross-border insurance, and climate risks, and actively contributes to the development of Hong Kong as an international risk management hub.

6. Feature of Cross-border Services

- ◆ The Group has formed an offshore business network covering major international financial centers. During the Reporting Period, the net profit of overseas banking institutions amounted to RMB5.706 billion, accounting for 11.92% of the Group's net profit (attributable to shareholders of the parent company). As at the end of the Reporting Period, the total assets of overseas banking institutions amounted to RMB1,277.724 billion, accounting for 7.86% of the Group's total assets.

(1) Overseas service network

The Group actively responded to changes in internal and external situations, consolidated its advantages in global development, and coordinated development and security. The overseas banking institutions leveraged their geographical advantages, improved their functional positioning, and built financial bridges connecting domestic and international markets to promote high-quality Belt and Road construction and serve high-level opening-up of the nation.

As at the end of the Reporting Period, the Group had 24 overseas branches (subsidiary banks) and representative offices in Hong Kong, New York, London, Singapore, Tokyo, Frankfurt, Luxembourg and Sydney, etc., with 66 overseas operating outlets (excluding representative offices) providing customers with comprehensive financial services including deposits, loans, international settlements, trade finance and foreign exchange, etc. As at the end of the Reporting Period, the Bank had established an overseas service network with the head offices of 1,121 banks in 136 countries and regions globally, and opened 148 cross-border RMB accounts for 89 overseas RMB participating banks in 29 countries and regions. A total of 115 foreign currency clearing accounts in 29 currencies were opened in 68 banks in 32 countries and regions.

(2) Actively contributing to stable foreign trade

Targeting a broad range of foreign trade import and export enterprises, and from the perspective of the foreign trade customer's business journey, the Group continuously optimized the functions of the "BOCOM Trade Link" platform, which provides tools such as cross-border fund receipt and payment, foreign trade quick financing, exchange rate hedging management and value-added information services, and strengthened the online capabilities of cross-border trade products. The Group enhanced the digital convenience of letter of credit (L/C) by developing customized import L/C modules, enabling batch authorization for import documentary collections through online banking, and launched services such as online presentation for export negotiation, e-notification and direct integration with courier companies. During the Reporting Period, the customer base of cross-border finance increased by 12.61% year-on-year, and the international settlement volume grew by 16.53% year-on-year.

(3) *Serving enterprises going global*

The Group supported high-quality Belt and Road cooperation by continuously strengthening marketing efforts and supporting resource allocation for key "going global" and Belt and Road projects, offering customized financing services for customer groups in areas with advantageous resources and industrial chain synergy. As at the end of the Reporting Period, the balance of loans under the Belt and Road Initiative increased by 8.63% as compared with the end of the previous year, and the balance of foreign-related letters of guarantee to countries and regions along the Belt and Road grew by 13.54% as compared with the end of the previous year. The Group enhanced its service capabilities in minor currency exchange and hedging along the Belt and Road routes, supporting corporate customers in minor currency spot transactions via internet banking and mobile banking. The Group facilitated direct connectivity between its "Shipping Concierge" system and leading shipping companies, freight forwarders and major China-Europe Railway Express operators, enabling one-click payment of domestic and cross-border, local and foreign currency and sea/land/air freight charges, with transaction volume increasing by 79.57% year-on-year.

We enhanced the quality and efficiency of our offshore and free trade financial services, deepened the integrated development of offshore and onshore business and the integrated operation of non-resident accounts, and strengthened our capacity to serve enterprises going global. We successfully launched Free Trade (FT) accounts in Guangdong and Shenzhen, achieving full coverage of the FT account system across all national pilot zones. In the Hainan Free Trade Port, we actively engaged in pilot programs such as cross-border trade financing asset transfers and cross-border fund centralized operation centers, and played a pivotal role in supporting the Hainan Provincial Government in successfully issuing RMB-denominated bonds in Hong Kong for four consecutive years.

(4) *Supporting the internationalization of RMB*

The Group proactively carried out the "scale expansion and structure optimization" campaign for cross-border RMB client outreach, strengthening the integrated use of products and domestic-international coordination to promote the steady growth of cross-border RMB business. During the Reporting Period, the cross-border RMB settlement volume of domestic banking institutions increased by 17.63% year-on-year, among which the cross-border RMB settlement volume for goods trade grew by 32.35% year-on-year. The Group actively leveraged the RMB's role as a financing currency. As at the end of the Reporting Period, the balance of RMB loans extended by domestic institutions to overseas borrowers increased by 16.85% as compared with the end of the previous year.

7. Fintech and Channel Construction

◆ The Bank strengthened the guiding role of technological innovation, continued to reinforce foundational AI capabilities, and bolstered capacities in computing power supply, data governance, model services and platform support, so as to drive high-quality financial development through digital and intelligent transformation.

◆ The Bank comprehensively reinforced the online channel service system, continuously enhanced the offline channel network, and built a full-spectrum financial service ecosystem. The Bank leveraged application innovation, scenario innovation, and technological innovation to sharpen the core competitiveness of the digital RMB business.

(1) Fintech

Further enhancing the capabilities of information technology risk prevention and control and building a solid security barrier. The Bank formally established the Hohhot Data Center and the Guiyang Data Center, promoted the implementation of a "multi-region, multi-center" architectural layout, and enhanced business continuity and disaster recovery capabilities. The Bank completed integrated distributed on-cloud deployment both domestically and internationally to further improve the level of self-reliance and controllability. The Bank improved the network security technical defense system, and continuously advanced the development of unified network security management and unified security operations across the Group. The Bank strengthened data security management, and steadily promoted the optimization of online closed-loop management processes and the development of supporting tool covering risk identification, early warning, verification and disposal.

Consolidating data governance and optimizing data services. The Bank improved the data management architecture and working mechanisms that ensure headquarters-branch coordination and top-down connectivity, deepened the unified management of data of the same type across the Group, and iteratively updated the Group's unified data resource catalog. The Bank continuously improved the data ecosystem covering data foundation, portals, platforms, and applications, and leveraged technologies such as near-real-time processing and large models to enhance data service quality and efficiency while lowering the threshold for data application.

Deeply implementing the "AI+" initiative to create new growth drivers. The Bank strengthened the foundational AI infrastructure, and advanced the unified management, scheduling, and monitoring of computing power clusters. The Bank continuously improved AI governance mechanisms, built a security protection system focusing on key links such as computing power, data, models and AI agents, promoted full-scope AI application empowerment, and accelerated the trustworthy, reliable and controllable development of AI applications. In areas such as cross-border trade and financial markets, the Bank developed AI agents for smart document review and market inquiry, so as to comprehensively improve customer service standards. In risk prevention and control, the Bank built a credit AI agent matrix, covering the whole process of credit approval, loan disbursement fulfillment, and post-loan monitoring. In the operations and management, the Bank launched an account manager assistant and a data analysis AI agent, and rolled out the enterprise-level knowledge service platform "BOCOM Know-How", whose knowledge base doubled in size as compared with the beginning of the year, empowering its employees to improve work efficiency. In the technology sector, the Bank built an intelligent R&D matrix and upgraded the R&D and operations and maintenance models.

(2) Online Channel

BOCOM On-cloud The Bank continuously enhanced its "BOCOM On-cloud" brand and pursued innovation in the application of audio and video technologies, as well as AI technologies. By offering screen-to-screen online services, the Bank enabled the development of online institutions, employees, services, and products, breaking through the physical and temporal barriers of traditional banking business and developing an innovative model for new banking services. Focusing on key areas such as corporate banking, retail banking, inclusive finance, and ageing finance, the Bank rolled out remote video services across various business scenarios, covering multiple online and offline channels both within and outside the Bank. Some transactions are accessible to customers on a 24/7 basis, significantly enhancing the accessibility and satisfaction of financial services. With a customer-centric approach, BOCOM On-cloud built a "four-in-one" service model that integrates remote video agents, customer service managers, account manager and digital humans, delivering one-stop comprehensive financial services and ensuring continuity in customer engagement. The Bank innovatively introduced intelligent foreign language and dialect translation functions, supporting 9 foreign languages and 26 dialects, to empower digital operations. During the Reporting Period, BOCOM On-cloud remote video outlet provided 2.76 million services, representing a year-on-year increase of 113.95%.

Corporate online banking and corporate mobile banking Centered on the core themes of "Professional, Intelligent and Easy to use," the Bank upgraded and launched the Corporate Online Banking 7.0 version and the Corporate Mobile Banking 3.0 version. The Bank introduced an Activity Center and a Benefits Center, established a unified corporate financial portal, and built a corporate channel service matrix comprising "5 themed versions + 6 featured zones/channels." The Bank upgraded the intelligent assistant for corporate channels, leveraging large language models and AI agents to enable intelligent navigation, intelligent transactions, intelligent data entry and intelligent Q&A on both corporate online banking and corporate mobile banking platforms, thereby enhancing customer experience and service efficiency. As at the end of the Reporting Period, the number of contracted customers of corporate online banking (bank-corporate direct link) increased by 4.51% over the end of the previous year, and the number of contracted customers of corporate mobile banking increased by 4.94% over the end of the previous year. During the Reporting Period, the cumulative number of customers of transactions conducted through corporate online banking increased by 8.51% year-over-year, and the cumulative volume of transactions conducted through corporate mobile banking increased by 25.50% on a year-on-year basis.

Personal mobile banking Adhering to a digital-intelligent mindset, the Bank continued to optimize mobile financial services. In terms of scenario-based services, the Bank iteratively upgraded the culture and tourism section of its mobile banking by adding diverse service modules such as dining, hotels and transport, to create a one-stop "finance + cultural tourism" scenario ecosystem. The Bank set up a dedicated section for fiscal interest subsidies, enabling one-click processing, and improving customer service experience. In terms of consumer credit, focusing on retail customers' demand for easy access to funds, the Bank streamlined the entire process from loan application to payment, continuously enhancing the credit payment user experience. In terms of inclusive finance, the Bank developed the "Business Circle Loan" digital service system, offering individual businesses and small and micro business owners full-process services of online fund withdrawal and repayment and enabling full mobile coverage for region-specific products such as "Supply Chain Loan" and "Government Subsidy-Linked Loans," effectively improving financing convenience. As at the end of the Reporting Period, the number of monthly active users (MAU) of personal mobile banking reached 51.0005 million, representing a year-on-year increase of 3.82%.

Go Pay APP We enhanced our digital and intelligent operational capabilities to more accurately serve customer needs. By enriching our service ecosystem, we newly launched dedicated zones for cultural tourism and pet care to cater to diverse customer consumption demands. As at the end of the Reporting Period, the number of monthly active users (MAU) of Go Pay APP was 23.9284 million. We accelerated the application of AI agents to continuously improve our service capabilities and interactive experiences. During the Reporting Period, the daily average traffic for our online customer service chatbot reached 38,000 visits. Furthermore, we refined our customer profiling and segmented operation models to better understand customer value and emotional needs, thereby enhancing the matching of products and services as well as the overall card usage experience. During the Reporting Period, online credit card consumption reached RMB505.9 billion, representing a year-on-year increase of 5.3%, with the number of transactions reaching 2.38 billion, representing a year-on-year increase of 3.4%.

Open banking The Bank further expanded the service reach of open banking scenarios to enhance the quality and efficiency of serving the real economy. The Bank built an "industry + finance" cloud service ecosystem and actively explored the "G-B-C" tripartite linkage model to empower government agencies and enterprises in their digital and intelligent transformation across areas such as trade union services, technology and innovation parks, and ageing finance. As at the end of the Reporting Period, a total of 110,400 institutions onboarded. Focusing on scenario-based value chains including platform-based economy, treasury management, and cross-border services, the Bank created an integrated service solution combining "accounts + payment and settlement + financing". In particular, financing business covers the five major product categories of "supply chain, bill, letter of credit, loan and letter of guarantee". During the Reporting Period, the total amount of financing disbursed through online supply chain financial services reached RMB176.823 billion, representing a year-on-year increase of 23.16%.

(3) Offline Channel

The Bank continuously optimized the layout of domestic outlets, rationally allocated outlet resources, strengthened support for the implementation of major national strategies, and promoted the development of outlet networks in key national regions such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area. The Bank expanded the coverage of outlets in county-level areas to support the rural revitalization strategy. As at the end of the Reporting Period, the Bank had 256 domestic branch institutions, including 31 provincial branches, 7 directly managed branches, and 218 branches under provincial-level management. The Bank had a total of 2,824 banking outlets in 253 prefecture-level and above cities, and 201 counties or county-level cities nationwide.

(4) Digital RMB

In accordance with the requirement to "steadily develop the digital RMB," the Bank promoted the development of its digital RMB business centered on interest-bearing reform policies. The Bank resolved to scale up its operations, concentrated its efforts in forming distinctive features for BOCOM, and strengthened the application of new technologies to build a digital RMB2.0 system with core competitiveness.

Deepening the innovative application of smart contracts. The Bank accelerated the application in several scenarios, including cross-institution smart subsidies for consumption promotion, clearance of inter-enterprise related debt, prepaid fund supervision and supply chain financing. Leveraging the People's Bank of China's new-generation smart contract platform, the Bank executed the country's first digital RMB smart contract for the disbursement of migrant workers' wages, enabling penetrative and automated salary payments that ensure "instant wage crediting, no interception and full traceability," thus addressing the issue of wage arrears for migrant workers. This project was selected as a benchmark case at the National Digital Inclusive Finance Conference. In collaboration with several operating institutions, the Bank distributed consumption subsidies to the public in Shanghai, implementing the first large-scale application case of a smart subsidy contract template.

Enhancing cross-border settlement efficiency. The Bank fully dovetailed with the International Operation Center for the Digital RMB. Hong Kong Branch and Bank of Communications (Hong Kong) Limited, Macau Branch and Banco BoCom BBM S.A., as direct participants, completed the initial signing of the Cross-border e-CNY Transfer Services (CBETS). As one of the first batch of institutions announced by the Macau Monetary Authority to participate in the multilateral central bank digital currency bridge (mBridge), Macau Branch launched digital Macau pataca cross-border remittances and large-value digital RMB cross-border receipt business, achieving a breakthrough for mBridge business in Macau.

Leveraging the comparative advantages of blockchain innovation technology. In collaboration with leading digital technology companies, and relying on the CBETS blockchain service platform and digital asset platform of the International Operation Center for the Digital RMB, the Bank launched a "Digital Assets + Round-the-clock Digital RMB Cross-institution Financing" business. Leveraging blockchain cross-chain technology, the Bank ensured asset authenticity and transaction transparency. Through a fully digital RMB new model, the Bank facilitated manufacturing enterprises in gaining financial support, injecting new digital and intelligent momentum into the development of the real economy.

(III) Financial Statement Analysis

As at the end of the Reporting Period, the Group's total assets increased by 4.58% from the end of the previous year to RMB16.26 trillion, of which, the Group's balance of loans and advances to customers (excluding accrued interest and before deduction of impairment allowances, the same applies hereinafter) increased by RMB366.102 billion or 4.01% over the end of the previous year to RMB9.49 trillion; balance of deposits from customers increased by RMB607.621 billion or 6.53% over the end of the previous year to RMB9.92 trillion.

During the Reporting Period, the Group's net profit (attributable to shareholders of the parent company) amounted to RMB47.874 billion, representing a year-on-year increase of 4.04%. The Group's net operating income amounted to RMB142.540 billion, representing a year-on-year increase of 6.77%.

As at the end of the Reporting Period, the non-performing loan ratio of the Group was 1.30%.

1. Analysis on Key Income Statement Items

(1) Structure and change of income statement

During the Reporting Period, the Group's net profit amounted to RMB48.606 billion, representing a year-on-year increase of RMB2.151 billion or 4.63%.

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

(in millions of RMB unless otherwise stated)

	January to June 2026	January to June 2025	Increase/ (decrease) (%)
Net interest income	**92,592**	85,247	8.62
Net non-interest income	**49,948**	48,251	3.52
Including: Net fee and commission income	**20,473**	20,458	0.07
Net operating income	**142,540**	133,498	6.77
Credit impairment losses	**(34,541)**	(32,814)	5.26
Other assets impairment losses	**(851)**	(531)	60.26
Other operating expenses	**(53,511)**	(53,243)	0.50
Including: Business cost	**(39,103)**	(39,933)	(2.08)
Profit before tax	**53,637**	46,910	14.34
Income tax	**(5,031)**	(455)	1,005.71
Net profit	**48,606**	46,455	4.63
Net profit attributable to shareholders of the parent company	**47,874**	46,016	4.04

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

(in millions of RMB unless otherwise stated)

	January to June 2026		**Increase/ (decrease)**
	Amount	**Proportion (%)**	**(%)**
Net interest income	**92,592**	**64.96**	**8.62**
Net fee and commission income	**20,473**	**14.36**	**0.07**
Net gains/(losses) arising from trading activities	**11,019**	**7.73**	**3.28**
Net gains/(losses) arising from financial investments	**3,316**	**2.33**	**45.76**
Net gains/(losses) on investments in associates and joint ventures	**386**	**0.27**	**59.50**
Other operating income	**14,754**	**10.35**	**1.01**
Total net operating income	**142,540**	**100.00**	**6.77**

(2) Net interest income

During the Reporting Period, the Group's net interest income increased by RMB7.345 billion or 8.62% on a year-on-year basis to RMB92.592 billion, accounting for 64.96% of net operating income, which was a major component of the Group's net operating income.

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

(in millions of RMB unless otherwise stated)

	January to June 2026			January to June 2025		
	Average balance	**Interest income (expense)**	**Annualized average rate of return/ (cost) (%)**	Average balance	Interest income (expense)	Annualized average rate of return/ (cost) (%)
Assets						
Cash and balances with central banks	**741,777**	**5,632**	**1.53**	728,495	5,577	1.54
Due from and placements with banks and other financial institutions	**1,161,085**	**12,084**	**2.10**	988,856	13,580	2.77
Loans and advances to customers	**9,350,818**	**132,771**	**2.86**	8,814,835	138,325	3.16
Investment securities	**3,873,917**	**54,835**	**2.85**	3,670,124	56,479	3.10
Interest-bearing assets	**15,127,597**	**205,322**	**2.74**	14,202,310	213,961	3.04
Non-interest-bearing assets	**1,081,445**			1,065,644		
Total assets	**16,209,042**			15,267,954		
Liabilities and shareholders' equity						
Deposits from customers	**9,414,910**	**69,602**	**1.49**	8,830,143	81,155	1.85
Due to and placements from banks and other financial institutions	**2,748,806**	**21,781**	**1.60**	2,304,298	22,108	1.93
Debt securities issued and others	**1,950,367**	**21,347**	**2.21**	2,146,215	25,451	2.39
Interest-bearing liabilities	**14,114,083**	**112,730**	**1.61**	13,280,656	128,714	1.95
Equity and non-interest-bearing liabilities	**2,094,959**			1,987,298		
Total equity and liabilities	**16,209,042**			15,267,954		
Net interest income		**92,592**			85,247	
Net interest spread[1]			**1.13**			1.09
Net interest margin[2]			**1.23**			1.21

Notes:

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

During the Reporting Period, the Group's net interest margin increased by 2 basis points year-on-year to 1.23%. This was mainly due to the Group's continuous management of the balance of volume and price of deposits and loans, formulation and implementation of refined pricing strategies, and releasing of the benefits of repricing long-term deposits with limited terms; reasonable optimization of the asset-liability structure based on the annual business management goals, to promote reduction of the cost ratio of interest-bearing liabilities to be higher than the decrease of the yield on interest-bearing assets, and achievement of recovery for stabilization of the net interest margin.

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

(in millions of RMB)

	Comparison between January to June 2026 and January to June 2025 Increase/(decrease) due to		
	Amount	Interest rate	Net increase/ (decrease)
Interest-bearing assets			
Cash and balances with central banks	**101**	**(46)**	**55**
Due from and placements with banks and other financial institutions	**2,366**	**(3,862)**	**(1,496)**
Loans and advances to customers	**8,399**	**(13,953)**	**(5,554)**
Investment securities	**3,133**	**(4,777)**	**(1,644)**
Changes in interest income	**13,999**	**(22,638)**	**(8,639)**
Interest-bearing liabilities			
Deposits from customers	**5,365**	**(16,918)**	**(11,553)**
Due to and placements from banks and other financial institutions	**4,254**	**(4,581)**	**(327)**
Debt securities issued and others	**(2,321)**	**(1,783)**	**(4,104)**
Changes in interest expenses	**7,298**	**(23,282)**	**(15,984)**
Changes in net interest income	**6,701**	**644**	**7,345**

During the Reporting Period, the Group's net interest income increased by RMB7.345 billion on a year-on-year basis. Within this total, changes in the average balances of assets and liabilities increased net interest income by RMB6.701 billion, while changes in the annualized average rate of return and the annualized average rate of cost increased the net interest income by RMB644 million.

① Interest income

During the Reporting Period, the Group's interest income decreased by RMB8.639 billion or 4.04% on a year-on-year basis to RMB205.322 billion, of which interest income from loans and advances to customers, investment securities, balances due from and placements with banks and other financial institutions and cash and balances with central banks accounted for 64.66%, 26.71%, 5.89% and 2.74% of total interest income, respectively.

Interest income from loans and advances to customers. Interest income from loans and advances to customers was the largest component of the Group's interest income. During the Reporting Period, interest income from loans and advances to customers decreased by RMB5.554 billion or 4.02% on a year-on-year basis to RMB132.771 billion, mainly due to the year-on-year decrease of 30 basis points in the annualized average rate of return of loans and advances to customers.

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

(in millions of RMB unless otherwise stated)

	January to June 2026			January to June 2025		
	Average balance	**Interest income**	**Annualized average rate of return (%)**	Average balance	Interest income	Annualized average rate of return (%)
Corporate loans	**6,309,294**	**89,058**	**2.85**	5,783,890	91,084	3.18
– Short-term loans	**2,038,754**	**25,685**	**2.54**	1,709,113	24,674	2.91
– Medium and long-term loans	**4,270,540**	**63,373**	**2.99**	4,074,777	66,410	3.29
Personal loans	**2,769,212**	**42,543**	**3.10**	2,760,016	45,871	3.35
– Short-term loans	**606,399**	**11,778**	**3.92**	622,880	12,872	4.17
– Medium and long-term loans	**2,162,813**	**30,765**	**2.87**	2,137,136	32,999	3.11
Discounted bills	**272,312**	**1,170**	**0.87**	270,929	1,370	1.02
Total loans and advances to customers	**9,350,818**	**132,771**	**2.86**	8,814,835	138,325	3.16

Interest income from investment securities. During the Reporting Period, interest income from investment securities decreased by RMB1.644 billion or 2.91% on a year-on-year basis to RMB54.835 billion, mainly due to the year-on-year decrease of 25 basis points in the annualized average return of investment securities.

Interest income from balances due from and placements with banks and other financial institutions. During the Reporting Period, the interest income from balances due from and placements with banks and other financial institutions decreased by RMB1.496 billion or 11.02% on a year-on-year basis to RMB12.084 billion, mainly due to the year-on-year decrease of 67 basis points in the annualized average rate of return on balances due from and placements with banks and other financial institutions.

Interest income from cash and balances with central banks. The cash and balances with central banks mainly included balances in statutory reserves and excess reserves. During the Reporting Period, interest income from cash and balances with central banks increased by RMB55 million or 0.99% on a year-on-year basis to RMB5.632 billion, mainly due to the year-on-year increase of RMB13.282 billion or 1.82% in the average balance of cash and balances with central banks.

② Interest expenses

During the Reporting Period, the Group's interest expenses decreased by RMB15.984 billion or 12.42% on a year-on-year basis to RMB112.730 billion, of which interest expenses on deposits from customers, interest expenses on balances due to and placements from banks and other financial institutions, and interest expense on debt securities issued and others accounted for 61.74%, 19.32% and 18.94% of total interest expenses, respectively.

Interest expenses on deposits from customers. Deposits from customers are the Group's primary funding source. During the Reporting Period, interest expenses on deposits from customers decreased by RMB11.553 billion or 14.24% on a year-on-year basis to RMB69.602 billion, which was mainly due to the year-on-year decrease of 36 basis points in the annualized average rate of cost of deposits from customers.

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

(in millions of RMB unless otherwise stated)

	January to June 2026			January to June 2025		
	Average balance	**Interest expense**	**Annualized average rate of cost (%)**	Average balance	Interest expense	Annualized average rate of cost (%)
Corporate deposits	**5,242,355**	**37,293**	**1.43**	4,967,795	44,145	1.79
– Demand deposits	**1,808,382**	**3,666**	**0.41**	1,807,294	6,264	0.70
– Time deposits	**3,433,973**	**33,627**	**1.97**	3,160,501	37,881	2.42
Personal deposits	**4,172,555**	**32,309**	**1.56**	3,862,348	37,010	1.93
– Demand deposits	**983,422**	**311**	**0.06**	916,110	394	0.09
– Time deposits	**3,189,133**	**31,998**	**2.02**	2,946,238	36,616	2.51
Total deposits from customers	**9,414,910**	**69,602**	**1.49**	8,830,143	81,155	1.85

Interest expenses on balances due to and placements from banks and other financial institutions. During the Reporting Period, interest expenses on balances due to and placements from banks and other financial institutions decreased by RMB327 million or 1.48% on a year-on-year basis to RMB21.781 billion, which was mainly due to a year-on-year decrease of 33 basis points in the annualized average rate of cost of balances due to and placements from banks and other financial institutions.

Interest expense on debt securities issued and others. During the Reporting Period, interest expense on debt securities issued and others decreased by RMB4.104 billion or 16.13% on a year-on-year basis to RMB21.347 billion, which was mainly due to a year-on-year decrease of RMB195.848 billion or 9.13% in the average balance of debt securities issued and others, and a year-on-year decrease of 18 basis points in the annualized average rate of cost.

(3) Net fee and commission income

The net fee and commission income is an important part of the Group's net operating income. During the Reporting Period, the Group's net fee and commission income increased by RMB15 million or 0.07% on a year-on-year basis to RMB20.473 billion, which was mainly because the Group seized the opportunities in the capital market, actively expanded its agency business and achieved high growth in related income. The income from agency business increased by RMB638 million or 27.70% on a year-on-year basis, with robust increases in income from agency funds, agency trusts and other segments.

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

(in millions of RMB unless otherwise stated)

	January to June 2026	January to June 2025	Increase/ (decrease) (%)
Bank cards business	**7,703**	7,888	(2.35)
Wealth management business	**4,044**	4,121	(1.87)
Custody and other fiduciary businesses	**4,681**	4,503	3.95
Agency services	**2,941**	2,303	27.70
Investment banking	**1,033**	1,107	(6.68)
Guarantee and commitment	**1,697**	1,723	(1.51)
Settlement services	**775**	744	4.17
Others	**60**	40	50.00
Total fee and commission income	**22,934**	22,429	2.25
Less: fee and commission expense	**(2,461)**	(1,971)	24.86
Net fee and commission income	**20,473**	20,458	0.07

(4) *Other non-interest income*

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

(in millions of RMB unless otherwise stated)

	January to June 2026	January to June 2025	Increase/ (decrease) (%)
Net gains/(losses) arising from trading activities	**11,019**	10,669	3.28
Net gains/(losses) arising from financial investments	**3,316**	2,275	45.76
Net gains/(losses) on investments in associates and joint ventures	**386**	242	59.50
Other operating income	**14,754**	14,607	1.01
Total other non-interest income	**29,475**	27,793	6.05

During the Reporting Period, the Group's other non-interest income amounted to RMB29.475 billion, of which net gains arising from trading activities amounted to RMB11.019 billion, representing a year-on-year increase of RMB350 million or 3.28%, and net gains arising from financial investments amounted to RMB3.316 billion, representing a year-on-year increase of RMB1.041 billion or 45.76%, mainly due to the increase in spread income from bond trading.

(5) Business cost

During the Reporting Period, the Group's business cost decreased by RMB830 million or 2.08% on a year-on-year basis to RMB39.103 billion. The Group's cost-to-income ratio was 27.47%, representing a year-on-year decrease of 2.47 percentage points.

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

(in millions of RMB unless otherwise stated)

	January to June 2026	January to June 2025	Increase/ (decrease) (%)
Staff costs	**16,602**	15,592	6.48
General operating and administrative expenses	**18,028**	19,475	(7.43)
Depreciation and amortization	**4,473**	4,866	(8.08)
Total business cost	**39,103**	39,933	(2.08)

(6) Asset impairment losses

During the Reporting Period, the Group's asset impairment losses were RMB35.392 billion, representing a year-on-year increase of RMB2.047 billion or 6.14%, of which the credit impairment losses on loans increased by RMB2.656 billion or 8.86% on a year-on-year basis to RMB32.625 billion.

(7) Income tax

During the Reporting Period, the Group's income tax expenses increased by RMB4.576 billion on a year-on-year basis to RMB5.031 billion. The effective tax rate was 9.38%, mainly affected by the tax exemption on interest income from PRC treasury bonds and local treasury bonds held by the Group pursuant to the relevant tax provisions.

2. Analysis on Key Balance Sheet Items

(1) Assets

As at the end of the Reporting Period, the Group's total assets increased by RMB711.787 billion or 4.58% from the end of the previous year to RMB16,260.175 billion, which was mainly attributable to loans and advances to customers.

The balances (including accrued interest and after provision) of the key components of the Group's total assets and their proportions to the total assets as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025		31 December 2024	
	Balance	**Proportion (%)**	Balance	Proportion (%)	Balance	Proportion (%)
Loans and advances to customers	**9,257,705**	**56.93**	8,898,768	57.23	8,351,131	56.05
Financial investments	**4,723,469**	**29.05**	4,527,914	29.12	4,320,089	28.99
Cash and balances with central banks	**756,642**	**4.65**	701,847	4.51	717,354	4.81
Due from and placements with banks and other financial institutions	**944,861**	**5.81**	881,284	5.67	974,042	6.54
Others	**577,498**	**3.56**	538,575	3.47	538,101	3.61
Total assets	**16,260,175**	**100.00**	15,548,388	100.00	14,900,717	100.00

① Loans and advances to customers

During the Reporting Period, the Group actively progressed with a package of fiscal and financial support policies, further increasing credit support for major national strategies, key areas and weak links. A steady increase in the total amount of credit has improved the efficiency of serving entities. As at the end of the Reporting Period, the balance of the Group's loans and advances to customers increased by RMB366.102 billion or 4.01% from the end of the previous year to RMB9,489.673 billion.

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

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025		31 December 2024	
	Balance	**Proportion (%)**	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	**6,455,006**	**68.02**	6,043,810	66.25	5,566,578	65.07
– Short-term loans	**2,156,865**	**22.73**	1,867,438	20.47	1,611,541	18.84
– Medium and long-term loans	**4,298,141**	**45.29**	4,176,372	45.78	3,955,037	46.23
Personal loans	**2,755,025**	**29.03**	2,835,038	31.07	2,752,406	32.17
– Mortgages	**1,402,596**	**14.78**	1,442,452	15.81	1,466,604	17.14
– Credit cards	**485,319**	**5.11**	531,348	5.82	538,404	6.29
– Personal business loans	**469,454**	**4.95**	462,270	5.07	413,626	4.83
– Personal consumption loans	**394,166**	**4.15**	395,731	4.34	330,260	3.86
– Others	**3,490**	**0.04**	3,237	0.03	3,512	0.05
Discounted bills	**279,642**	**2.95**	244,723	2.68	236,138	2.76
Total	**9,489,673**	**100.00**	9,123,571	100.00	8,555,122	100.00

The corporate loan balance was RMB6,455.006 billion, representing an increase of RMB411.196 billion or 6.80% from the end of the previous year, among which, short-term loans increased by RMB289.427 billion from the end of the previous year, and medium- and long-term loans increased by RMB121.769 billion from the end of the previous year which accounted for 45.29% of loans and advances to customers.

The personal loan balance was RMB2,755.025 billion, representing a decrease of RMB80.013 billion or 2.82% from the end of the previous year, among which, mortgage loans decreased by RMB39.856 billion or 2.76% from the end of the previous year, credit card loans decreased by RMB46.029 billion or 8.66% from the end of the previous year, personal business loans increased by RMB7.184 billion or 1.55% from the end of the previous year, and personal consumption loans decreased by RMB1.565 billion or 0.40% from the end of the previous year.

The discounted bills balance was RMB279.642 billion, representing an increase of RMB34.919 billion or 14.27% from the end of the previous year.

Distribution of loans and advances to customers by security types

(In millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
	Balance	**Proportion (%)**	Balance	Proportion (%)
Unsecured loans	**3,926,867**	**41.38**	3,689,622	40.44
Guaranteed loans	**1,674,312**	**17.64**	1,568,615	17.19
Loans secured by collateral	**2,699,821**	**28.45**	2,752,348	30.17
Pledged loans	**1,188,673**	**12.53**	1,112,986	12.20
Total	**9,489,673**	**100.00**	9,123,571	100.00

Expected credit loss allowance for loans and advances to customers

(in millions of RMB)

	30 June 2026	31 December 2025
Balance at the end of the previous year	**243,771**	225,525
Accrual/(reversal) in the period	**32,625**	53,719
Write-offs and disposals in the period	**(26,289)**	(41,733)
Recovered after written-off	**2,676**	6,973
Other movements	**(1,067)**	(713)
Balance at the end of the period	**251,716**	243,771

② Financial investments

As at the end of the Reporting Period, the Group's net balance of financial investments increased by RMB195.555 billion or 4.32% from the end of the previous year to RMB4,723.469 billion.

The breakdown of investments by nature

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
	Balance	**Proportion (%)**	Balance	Proportion (%)
Bonds	**4,257,153**	**90.13**	4,096,090	90.46
Equity instruments and others	**466,316**	**9.87**	431,824	9.54
Total	**4,723,469**	**100.00**	4,527,914	100.00

The breakdown of investments by the presentation basis of financial statements

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
	Balance	**Proportion (%)**	Balance	Proportion (%)
Financial investments at fair value through profit and loss	**706,638**	**14.96**	600,609	13.26
Financial investments at amortised cost	**2,781,574**	**58.89**	2,701,622	59.67
Financial investments at fair value through other comprehensive income	**1,235,257**	**26.15**	1,225,683	27.07
Total	**4,723,469**	**100.00**	4,527,914	100.00

As at the end of the Reporting Period, the balance of the Group's bond investments increased by RMB161.063 billion or 3.93% from the end of the previous year to RMB4,257.153 billion. In the future, the Group will reinforce the research and judgment of the macroeconomic and financial market situation, and focus on the incremental allocation and stock optimization of bond investment in a coordinated manner. The Group will maintain the investment strategy focusing on interest rate debt purchase, and make reasonable investment portfolios for PRC treasury bonds, local treasury bonds and other bonds. The Group will strengthen the development of the investment research system, reasonably select credit bond investment types and maturity structures, and use the "five priorities" of finance as the starting point to invest financial resources into major national strategies and key areas. The Group will improve the professional level of bond trading business and continue to provide competitive quotations and liquidity for the bond market.

Bond investment structure by issuer

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
	Balance	**Proportion (%)**	Balance	Proportion (%)
Governments and central banks	3,400,608	79.88	3,212,285	78.42
Policy banks	117,941	2.77	137,225	3.35
Banks and other financial institutions	481,383	11.31	509,201	12.43
Corporate entities	233,172	5.48	217,054	5.30
Public sector entities	24,049	0.56	20,325	0.50
Total	4,257,153	100.00	4,096,090	100.00

As at the end of the Reporting Period, financial bonds held by the Group amounted to RMB599.324 billion, including bonds issued by policy banks of RMB117.941 billion and by banks and other financial institutions of RMB481.383 billion, which accounted for 19.68% and 80.32%, respectively.

Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

Bond name	**Face value**	**Annual interest rate (%)[1]**	**Maturity date**	**Impairment allowance[2]**
Financial Institution Bond issued in 2025	8,712	4.38	2035/8/27	–
Financial Institution Bond issued in 2026	8,712	4.25	2036/1/14	–
Policy Bank Bond issued in 2017	6,342	4.39	2027/9/8	–
Policy Bank Bond issued in 2024	6,125	1.80	2027/7/23	–
Financial Institution Bond issued in 2026	6,000	1.89	2036/6/9	–
Policy Bank Bond issued in 2025	5,040	1.26	2027/7/7	–
Financial Institution Bond issued in 2025	5,000	1.85	2028/2/28	–
Financial Institution Bond issued in 2026	4,800	0.00	2026/8/14	–
Financial Institution Bond issued in 2026	4,510	1.93	2036/6/16	–
Financial Institution Bond issued in 2026	4,000	1.79	2030/4/29	–
Financial Institution Bond issued in 2026	4,000	1.95	2036/6/15	–

Notes:

1. The annual interest rates in the above table are all coupon rates. Among them, bonds with an annual interest rate of 0 are those issued by financial institutions on a discounted basis.
2. Excluding the provision for impairment in the stage 1 withdrawn according to the expected credit loss model. The accounting classification of certain bonds is not applicable to the relevant requirements for impairment provision.

③ Foreclosed assets

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

(in millions of RMB)

	30 June 2026	31 December 2025
Original value of foreclosed assets	**959**	871
Less: Impairment allowance of foreclosed assets	**(433)**	(431)
Net value of foreclosed assets	**526**	440

(2) Liabilities

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

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025		31 December 2024	
	Balance	**Proportion (%)**	Balance	Proportion (%)	Balance	Proportion (%)
Deposits from customers	**9,915,436**	**66.30**	9,307,815	65.23	8,800,335	64.03
Due to and placements from banks and other financial institutions	**2,540,122**	**16.98**	2,477,757	17.37	2,431,451	17.69
Certificates of deposits issued	**1,355,533**	**9.06**	1,403,271	9.84	1,384,372	10.07
Debt securities issued	**713,459**	**4.77**	692,085	4.85	691,248	5.03
Others	**431,693**	**2.89**	387,178	2.71	437,714	3.18
Total liabilities	**14,956,243**	**100.00**	14,268,106	100.00	13,745,120	100.00

As at the end of the Reporting Period, the Group's total liabilities increased by RMB688.137 billion or 4.82% from the end of the previous year to RMB14,956.243 billion. Among them, deposits from customers increased by RMB607.621 billion or 6.53% from the end of the previous year, which accounted for 66.30% of total liabilities, representing an increase of 1.07 percentage points from the end of the previous year; the balance due to and placements from banks and other financial institutions increased by RMB62.365 billion or 2.52% from the end of the previous year to RMB2,540.122 billion, which accounted for 16.98% of total liabilities, decreased by 0.39 percentage point from the end of the previous year.

Deposits from customers

Deposits from customers are the Group's major funding source. As at the end of the Reporting Period, the balance of the Group's deposits from customers increased by RMB607.621 billion or 6.53% from the end of the previous year to RMB9,915.436 billion. In terms of customer structure, the proportion of corporate deposits was 55.11%, representing an increase of 0.52 percentage point from the end of the previous year, while the proportion of personal deposits was 43.43%, representing a decrease of 0.19 percentage point from the end of the previous year. In terms of deposit tenure, the proportion of demand deposits was 30.10%, representing a decrease of 0.73 percentage point from the end of the previous year, while the proportion of time deposits was 68.44%, increased by 1.06 percentage points from the end of the previous year.

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

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025		31 December 2024	
	Balance	**Proportion (%)**	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits	**5,464,231**	**55.11**	5,081,685	54.59	4,900,260	55.68
– Demand deposits	**1,955,525**	**19.72**	1,857,908	19.96	1,961,964	22.29
– Time deposits	**3,508,706**	**35.39**	3,223,777	34.63	2,938,296	33.39
Personal deposits	**4,306,291**	**43.43**	4,059,392	43.62	3,729,547	42.38
– Demand deposits	**1,029,318**	**10.38**	1,011,343	10.87	949,259	10.79
– Time deposits	**3,276,973**	**33.05**	3,048,049	32.75	2,780,288	31.59
Other deposits	**2,280**	**0.02**	2,433	0.02	3,436	0.04
Accrued interest	**142,634**	**1.44**	164,305	1.77	167,092	1.90
Total	**9,915,436**	**100.00**	9,307,815	100.00	8,800,335	100.00

(3) Off-balance sheet items

The Group's off-balance sheet items included agency investment and financing services, intermediary services, derivative financial instruments, contingencies and commitments. Of which, agency investment and financing services mainly included, among others, asset management products, offering brokerage and security underwriting; intermediary services mainly included, among others, agency services and asset custody; derivative financial instruments mainly included, among others, interest rate derivative instruments, currency derivative instruments and commodity derivative instruments. Please refer to "VI. Financial Report-8" for the details of notional amount and fair value of the derivative financial instruments; contingencies and commitments mainly included outstanding litigations, credit related commitments and financial guarantees, capital expenditure commitments, operating leasing commitments, commitments on security underwriting and bond acceptance. Please refer to "VI. Financial Report-10" for details of contingencies, and "VI. Financial Report-11" for details of commitments.

The Group uses part of its assets as collaterals for inter-bank repurchase arrangements and other liabilities-related business.

3. Analysis on Key Cash Flow Items

As at the end of the Reporting Period, the balance of Group's cash and cash equivalents increased by RMB24.095 billion from the end of the previous year to RMB150.557 billion.

The cash flow of operating activities was a net inflow of RMB94.943 billion, increasing by RMB41.464 billion on a year-on-year basis, mainly due to the year-on-year increase in cash inflows from deposits from customers in the current period.

The cash flow of investing activities was a net outflow of RMB71.235 billion, decreasing by RMB31.061 billion on a year-on-year basis, mainly due to the decrease in net cash outflows from bond investment in the current period.

The cash flow of financing activities was a net inflow of RMB2.174 billion, decreasing by RMB97.969 billion on a year-on-year basis, mainly due to the year-on-year decrease in cash inflows in the current period resulting from the issuance of ordinary shares in the same period last year.

4. Segment Analysis

(1) Operating results by geographical segments

The net operating income of the Group by geographical segments for the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	January to June 2026		January to June 2025	
	Net operating income[1]	**Proportion (%)**	Net operating income[1]	Proportion (%)
Yangtze River Delta	**55,527**	**38.96**	48,718	36.49
Pearl River Delta	**13,004**	**9.12**	12,389	9.28
Bohai Rim Economic Zone	**18,432**	**12.93**	16,297	12.21
Central China	**19,100**	**13.39**	17,842	13.36
Western China	**12,440**	**8.73**	11,456	8.58
North Eastern China	**3,719**	**2.61**	3,707	2.78
Overseas	**10,028**	**7.04**	10,076	7.55
Head Office[2]	**10,290**	**7.22**	13,013	9.75
Total	**142,540**	**100.00**	133,498	100.00

Notes:

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

(2) Deposits and loans by geographical segments

The loans and advances to customers of the Group by geographical segments as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
	Balances	**Proportion (%)**	Balances	Proportion (%)
Yangtze River Delta	**2,847,582**	**30.01**	2,672,097	29.29
Pearl River Delta	**1,275,981**	**13.45**	1,221,976	13.39
Bohai Rim Economic Zone	**1,436,353**	**15.14**	1,423,266	15.60
Central China	**1,548,268**	**16.31**	1,471,281	16.13
Western China	**1,178,388**	**12.41**	1,126,880	12.35
North Eastern China	**277,573**	**2.92**	283,061	3.10
Overseas	**343,286**	**3.62**	331,428	3.63
Head Office	**582,242**	**6.14**	593,582	6.51
Total	**9,489,673**	**100.00**	9,123,571	100.00

The deposits from customers of the Group by geographical segments as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
	Balances	**Proportion (%)**	Balances	Proportion (%)
Yangtze River Delta	**2,780,570**	**28.04**	2,581,989	27.74
Pearl River Delta	**1,109,139**	**11.19**	1,068,529	11.48
Bohai Rim Economic Zone	**2,217,819**	**22.37**	2,000,094	21.49
Central China	**1,651,857**	**16.66**	1,561,377	16.77
Western China	**1,023,557**	**10.32**	968,094	10.40
North Eastern China	**502,768**	**5.07**	466,764	5.01
Overseas	**483,726**	**4.88**	493,285	5.30
Head Office	**3,366**	**0.03**	3,378	0.04
Accrued interest	**142,634**	**1.44**	164,305	1.77
Total	**9,915,436**	**100.00**	9,307,815	100.00

(3) Operating results by business segments

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

The Group's net operating income by business segments for the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	January to June 2026		January to June 2025	
	Net operating income	**Proportion (%)**	Net operating income	Proportion (%)
Corporate banking businesses	**70,995**	**49.80**	64,623	48.40
Personal banking businesses	**52,437**	**36.79**	49,668	37.21
Treasury businesses	**18,743**	**13.15**	18,591	13.93
Other businesses	**365**	**0.26**	616	0.46
Total	**142,540**	**100.00**	133,498	100.00

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

(IV) Risk Management

The Board of Directors of the Group established the overall risk appetite of "Stability, Balance, Compliance and Innovation" for the Group and further set specific indicators of risk limits against various risks including credit risks, market risks, operational risks, liquidity risks, interest rate risk in the banking book, information technology risks and country risks to exercise strict control over various risk types and deepen the effective transmission of risk appetite. During the Reporting Period, the Group consistently adhered to bottom-line thinking, integrated development and safety, continued to consolidate asset quality, improved risk prevention and control in key areas and external challenges, continuously improved its "three-dimensional integration" comprehensive risk management system comprising risk categories, institutions, and products, strengthened consolidated management of its subsidiaries and overseas institutions, and risk management of cooperative institutions, deepened digital and intelligent risk management empowerment and engaged in effective management to promote the high-quality development of the entire bank, in order to secure the bottom line of preventing systemic risks.

1. Risk Management Framework

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

2. Digital and Intelligent Empowerment in Risk Management

The Group continued to promote the digitalization and intelligence process of risk management. Being market-oriented, customer-oriented and grassroots-oriented, the Group focused on the current "new requirements for internal management, new situations for external supervision, and new breakthroughs in technology application", and remained committed to building a full-process and full-coverage digital and intelligent risk management system, building a solid group-wide risk database, improving enterprise-level risk management applications, strengthening the sharing and reuse of risk control capabilities, and actively exploring the application scenarios of AI technology in risk management to continuously improve the effectiveness of risk management. During the Reporting Period, the Group strengthened the supply of models in strategic areas and the foundation for risk measurement, continuously improved the construction of risk monitoring systems, optimized the risk analysis tools of inclusive retail assets and constantly improved the risk measurement and monitoring capabilities of the entire Group to support high-quality business development.

3. Credit Risk Management

During the Reporting Period, the Group continued to strengthen centralized credit risk management. The Group continuously optimized the framework of its credit granting policy, proactively implemented major national strategies and regulatory requirements. The Group closely tracked market changes, and expanded the coverage of special strategic guidance on the basis of the outline of the credit granting and risk policy, the guidelines on industry investment, and the regional credit policies. The Group continued to improve the degree of online and intelligence in the credit approval process. The Group implemented the "early identification, warning, exposure and resolution" risk requirements in advance, continuously promoted risk monitoring in key areas, and lifted digital intelligent risk control to a new level.

The Group continued intensification of the collection of non-performing assets. During the Reporting Period, the Group focused on key areas to bring into play the professional disposal capabilities to steadily and orderly dispose of the risk exposures in significant items, and strive to improve the quality and efficiency of non-performing assets collection and disposal.

The Group adheres to the regulatory requirements and maintains stringent asset risk classification standards, maintaining steady asset quality. As at the end of the Reporting Period, the Group's non-performing loan balance amounted to RMB123.510 billion and the non-performing loan ratio was 1.30%. All the 90-day+ overdue loans of the Group have been included in non-performing loans, representing 86.75% of non-performing loans.

(1) Distribution of loans by 5-category classification standards

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025		31 December 2024	
	Amount	**Proportion (%)**	Amount	Proportion (%)	Amount	Proportion (%)
Pass	**9,198,625**	**96.93**	8,855,745	97.07	8,309,109	97.12
Special mention	**167,538**	**1.77**	150,843	1.65	134,336	1.57
Total performing loans	**9,366,163**	**98.70**	9,006,588	98.72	8,443,445	98.69
Sub-standard	**28,190**	**0.30**	27,812	0.30	31,100	0.37
Doubtful	**27,247**	**0.29**	25,075	0.27	24,066	0.28
Loss	**68,073**	**0.71**	64,096	0.71	56,511	0.66
Total non-performing loans	**123,510**	**1.30**	116,983	1.28	111,677	1.31
Total	**9,489,673**	**100.00**	9,123,571	100.00	8,555,122	100.00

(2) *Distribution of special mention loans and overdue loans by business type*

(in millions of RMB unless otherwise stated)

	30 June 2026				31 December 2025			
	Special mention loan balances	**Special mention loan ratio (%)**	**Overdue loan balances**	**Overdue loan ratio (%)**	Special mention loan balances	Special mention loan ratio (%)	Overdue loan balances	Overdue loan ratio (%)
Corporate loans	**114,150**	**1.77**	**64,767**	**1.00**	102,948	1.70	60,245	1.00
Personal loans	**53,384**	**1.94**	**82,090**	**2.98**	47,895	1.69	72,698	2.56
Mortgages	**23,883**	**1.70**	**25,523**	**1.82**	17,338	1.20	22,734	1.58
Credit cards	**18,901**	**3.89**	**27,544**	**5.68**	22,344	4.21	27,047	5.09
Personal business loans	**5,870**	**1.25**	**15,450**	**3.29**	4,260	0.92	12,131	2.62
Personal consumption loans and others	**4,730**	**1.19**	**13,573**	**3.41**	3,953	0.99	10,786	2.70
Discounted bills	**4**	**0.00**	**15**	**0.01**	0	0.00	15	0.01
Total	**167,538**	**1.77**	**146,872**	**1.55**	150,843	1.65	132,958	1.46

(3) *Distribution of loans and non-performing loans by business type*

(in millions of RMB unless otherwise stated)

	30 June 2026				31 December 2025			
	Loans	**Proportion (%)**	**Non-performing loan**	**Non-performing loan ratio (%)**	Loans	Proportion (%)	Non-performing loan	Non-performing loan ratio (%)
Corporate loans	**6,455,006**	**68.02**	**67,779**	**1.05**	6,043,810	66.25	72,150	1.19
Personal loans	**2,755,025**	**29.03**	**55,716**	**2.02**	2,835,038	31.07	44,818	1.58
Mortgages	**1,402,596**	**14.78**	**16,330**	**1.16**	1,442,452	15.81	14,584	1.01
Credit cards	**485,319**	**5.11**	**18,466**	**3.80**	531,348	5.82	14,222	2.68
Personal business loans	**469,454**	**4.95**	**11,745**	**2.50**	462,270	5.07	8,966	1.94
Personal consumption loans and others	**397,656**	**4.19**	**9,175**	**2.31**	398,968	4.37	7,046	1.77
Discounted bills	**279,642**	**2.95**	**15**	**0.01**	244,723	2.68	15	0.01
Total	**9,489,673**	**100.00**	**123,510**	**1.30**	9,123,571	100.00	116,983	1.28

(4) Distribution of loans and non-performing loans by industry

(in millions of RMB unless otherwise stated)

	30 June 2026				31 December 2025			
	Loans	**Proportion (%)**	**Non-performing loan**	**Non-performing loan ratio (%)**	Loans	Proportion (%)	Non-performing loan	Non-performing loan ratio (%)
Corporate loans	**6,455,006**	**68.02**	**67,779**	**1.05**	6,043,810	66.25	72,150	1.19
Transportation, storage and postal services	**1,064,314**	**11.22**	**3,746**	**0.35**	1,040,017	11.40	3,213	0.31
Manufacturing	**1,351,745**	**14.24**	**17,952**	**1.33**	1,199,118	13.14	16,566	1.38
Leasing and commercial services	**1,104,805**	**11.64**	**4,991**	**0.45**	1,050,098	11.51	4,372	0.42
Real estate	**504,839**	**5.32**	**16,650**	**3.30**	515,274	5.65	21,656	4.20
Water conservancy, environmental and other public facilities	**467,041**	**4.92**	**1,284**	**0.27**	453,574	4.97	1,921	0.42
Production and supply of electric power, heat, gas and water	**455,603**	**4.80**	**1,144**	**0.25**	462,521	5.07	948	0.20
Wholesale and retail trade	**445,909**	**4.70**	**8,695**	**1.95**	364,888	4.00	10,097	2.77
Construction	**242,844**	**2.56**	**3,319**	**1.37**	221,232	2.42	2,688	1.22
Finance	**212,719**	**2.24**	**24**	**0.01**	182,029	2.00	31	0.02
Education, science, culture and public health	**197,289**	**2.08**	**3,344**	**1.69**	178,108	1.95	3,381	1.90
Mining	**136,841**	**1.44**	**826**	**0.60**	138,852	1.52	830	0.60
Information transmission, software and information technology services	**148,380**	**1.56**	**2,009**	**1.35**	122,863	1.35	1,914	1.56
Accommodation and catering	**38,090**	**0.40**	**3,164**	**8.31**	37,936	0.42	3,958	10.43
Others	**84,587**	**0.90**	**631**	**0.75**	77,300	0.85	575	0.74
Personal loans	**2,755,025**	**29.03**	**55,716**	**2.02**	2,835,038	31.07	44,818	1.58
Discounted bills	**279,642**	**2.95**	**15**	**0.01**	244,723	2.68	15	0.01
Total	**9,489,673**	**100.00**	**123,510**	**1.30**	9,123,571	100.00	116,983	1.28

The Group actively supported the development of the real economy, continued to optimize the credit structure, and enhanced the risk control in the key areas. As at the end of the Reporting Period, both the non-performing loan amount and non-performing loan ratio of corporate loans declined compared with the beginning of the year.

(5) Distribution of loans and non-performing loans by region

(in millions of RMB unless otherwise stated)

	30 June 2026				31 December 2025			
	Loans	**Proportion (%)**	**Non-performing loan**	**Non-performing loan ratio (%)**	Loans	Proportion (%)	Non-performing loan	Non-performing loan ratio (%)
Yangtze River Delta	**2,847,582**	**30.01**	**25,912**	**0.91**	2,672,097	29.29	26,826	1.00
Pearl River Delta	**1,275,981**	**13.45**	**21,245**	**1.66**	1,221,976	13.39	18,795	1.54
Bohai Rim Economic Zone	**1,436,353**	**15.14**	**15,904**	**1.11**	1,423,266	15.60	16,831	1.18
Central China	**1,548,268**	**16.31**	**17,183**	**1.11**	1,471,281	16.13	15,466	1.05
Western China	**1,178,388**	**12.41**	**10,376**	**0.88**	1,126,880	12.35	10,263	0.91
North Eastern China	**277,573**	**2.92**	**7,069**	**2.55**	283,061	3.10	6,178	2.18
Overseas	**343,286**	**3.62**	**6,726**	**1.96**	331,428	3.63	7,773	2.35
Head Office	**582,242**	**6.14**	**19,095**	**3.28**	593,582	6.51	14,851	2.50
Total	**9,489,673**	**100.00**	**123,510**	**1.30**	9,123,571	100.00	116,983	1.28

Note: Head Office included the Pacific Credit Card Center.

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

(6) Overdue loans and advances

(in millions of RMB unless otherwise stated)

	30 June 2026		31 December 2025	
Overdue period	**Amount**	**Proportion (%)**	Amount	Proportion (%)
Within 3 months	**39,730**	**0.42**	36,327	0.40
3 months to 1 year	**54,582**	**0.58**	46,441	0.51
1 to 3 years	**41,159**	**0.43**	39,371	0.43
Over 3 years	**11,401**	**0.12**	10,819	0.12
Total	**146,872**	**1.55**	132,958	1.46

(7) Restructured loans

As at the end of the Reporting Period, restructured loans measured in accordance with the *Measures for Risk Classification of Financial Assets of Commercial Banks* decreased by RMB0.522 billion from the end of the previous year to RMB76.679 billion. Specifically, 3-month+ overdue restructured loans increased by RMB1.460 billion from the end of the previous year to RMB15.438 billion.

(8) Loan migration rates

	January to June 2026	2025	2024
Migration rate of pass loans (%)	**0.79**	1.09	1.02
Migration rate of special mention loans (%)	**17.44**	19.37	17.04
Migration rate of sub-standard loans (%)	**58.00**	81.58	65.85
Migration rate of doubtful loans (%)	**59.77**	63.76	66.81

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

(9) Credit risk concentration

As at the end of the Reporting Period, the total loans to the largest single borrower of the Group accounted for 2.12% of the Group's net capital, and the total loans to the top 10 borrowers accounted for 14.44% of the Group's net capital. The information relating to the loans to the top 10 single borrowers as at the end of the Reporting Period is shown below.

(in millions of RMB unless otherwise stated)

		30 June 2026	
	Industry	**Amount**	**Percentage of total loans (%)**
Customer A	Leasing and commercial services	34,990	0.37
Customer B	Transportation, storage and postal services	31,096	0.33
Customer C	Production and supply of electric power, heat, gas and water	30,000	0.32
Customer D	Transportation, storage and postal services	28,691	0.30
Customer E	Real estate	22,817	0.24
Customer F	Transportation, storage and postal services	19,566	0.21
Customer G	Transportation, storage and postal services	18,888	0.20
Customer H	Leasing and commercial services	18,695	0.20
Customer I	Transportation, storage and postal services	17,393	0.18
Customer J	Transportation, storage and postal services	16,581	0.17
Total of top 10 customers		238,717	2.52

4. Market Risk Management

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

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

During the Reporting Period, the Group actively implemented relevant requirements under the *Rules on Market Risk Management of Commercial Banks* and the *Rules on Capital Management of Commercial Banks* continuously improved the market risk management system, and refined management mechanisms and procedures. It formulated annual market risk limits of the Group and cascaded such limits at successive levels to ensure effective transmission of the Group's risk appetite, and conducted ongoing limit monitoring and reporting. The Group performed market risk capital measurement and applied the capital measurement results to limit monitoring, performance appraisal, risk monitoring and analysis, etc. Leveraging the digital-transformation project for financial-market businesses, it iterated the market risk management system, strengthened trading and banking book classification management across the entire Group, and steadily enhanced the capability of digital-based market risk monitoring. It enhanced product-oriented market risk management, carried out market risk assessments for new products and new businesses, and reinforced risk management for derivatives businesses. The Group improved the stress-testing framework, optimized stress-test scenario design, paid close attention to financial-market volatility triggered by external shocks, strengthened forward-looking judgement of market conditions as well as risk monitoring, early-warning, assessment and screening, strictly observed all market risk limits, and continuously upgraded its market risk management capabilities.

5. Management System for 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 such areas as interest rate level, term structure, etc., primarily including gap risk, basis risk and option risk. The Group attached great importance to the management of interest rate risk in the banking book, consistently adhered to a prudent and robust interest rate risk appetite, established and improved the management system for interest rate risk in the banking book, and continuously strengthened forward-looking prevention and active management. By enhancing the identification, measurement, monitoring, control and mitigation of interest rate risk in the banking book, the Bank controlled such risks within a reasonable and tolerable range, balancing business development and risk safety.

6. Liquidity Risk Management

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

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

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

During the Reporting Period, the Group continued to improve its liquidity risk management system, and flexibly adjusted its liquidity management strategy and business development structure and tempo when appropriate; promoted the coordinated development of its asset and liability businesses, performed cash flow measurement and analysis, closely monitored liquidity risk indicators, steadily enhanced the systemic level of liquidity risk monitoring to ensure liquidity safety and smooth operation of the indicators. The Group carried out liquidity risk emergency drills, to improve the response speed to emergencies and the ability to resolve liquidity risk.

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

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

	Standard	**30 June 2026**	31 December 2025	31 December 2024
Liquidity ratios (%)	≥25	**74.84**	75.88	73.34

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

The daily average liquidity coverage ratio of the Group during the second quarter of 2026 was 116.03% (intra quarter daily average refers to the simple arithmetic average of daily values in the quarter, and the number of daily values on which the average value is calculated based is 91), representing a decrease of 4.18 percentage points over the last quarter, mainly due to the increase in net cash outflows. The Group's qualified high-quality liquid assets mainly include cash, reserves deposited in the central bank that can be withdrawn under stress scenarios, and bonds that meet the definition of primary and secondary assets in the *Administrative Measures on Liquidity Risk of Commercial Banks*.

In the second quarter of 2026, the quarter-end net stable funding ratio of the Group was 113.69%, representing an increase of 2.81 percentage points from the previous quarter, mainly due to an increase in funding from wholesale customers. In the first quarter of 2026, the quarter-end net stable funding ratio of the Group was 110.88%, representing an increase of 0.50 percentage point from the previous quarter, mainly due to an increase in deposits from retail and small-business customers. For further information on the Group's liquidity coverage ratio and net stable funding ratio, please refer to the *Pillar 3 Report at 30 June 2026* published on the official website of the Bank.

7. Operational Risk Management

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

8. Legal Compliance and Anti-money Laundering

The Group established a compliance management system that is appropriate to its scale of operation, business scope and risk level, continuously strengthened its capabilities to identify, monitor, prevent, control and resolve compliance risks, enhanced the quality and efficiency of compliance management, and effectively ensured lawful and compliant operation and high-quality development. During the Reporting Period, the Group continuously improved the internal control and compliance management system, refined and clarified the working mechanism of the (Chief) Compliance Officer, strengthened internal control and compliance supervision and inspection and rectification of problems, optimized the internal control and compliance evaluation and accountability mechanism, strengthened the support of internal control and compliance culture and talent team, deepened the digital and intelligent transformation of internal control and compliance, and bolstered its capacity for self-inspection, self-correction and self-remediation. The Group also implemented the *Anti-Money Laundering Law of the People's Republic of China* and the new supporting regulatory requirements, conducted a new round of institution-wide money laundering risk self-assessment, continuously improved the money laundering risk management mechanism, and further enhanced the effectiveness of money laundering risk management.

9. Reputational Risk Management

The Group strictly complied with regulatory requirements and adhered to the management strategy of prevention first, effective disposal, timely repair and comprehensive coverage. It continued to strengthen regular-system development and end-to-end management of reputational risk, and deepened digital transformation and empowerment. The Group continuously enhanced the integrated management of press publicity and online public opinion, improved the coordination mechanism for public opinion guidance and sentiment response, prevented and mitigated reputational risks arising from material incidents, elevated the standard of reputational risk management, and proactively safeguarded the Group's brand and image. During the Reporting Period, the reputational risk management system operated effectively, and the reputational risk was properly managed and controlled.

10. Cross-sector, Cross-border and Country Risk Management

The Group has established a cross-sector and cross-border risk management system with "unified management, clear division of labor, complete tools, IT support, risk quantification and substantial consolidation" to constantly strengthen consolidated management, and the risk management of its subsidiaries and overseas branches takes into account the unified requirements of the Group and the special requirements of their respective supervisory authorities, so as to prevent the risks that may arise from cross-sector and cross-border operations. In respect of cross-sector risk management, the Group guided its subsidiaries in formulating investment and financing policy guidelines, and promoted the integration of subsidiaries' risk appetite, various risk-management frameworks and internal-control systems into the Group's unified risk-management system pursuant to the principle of "unified management of matters under the same category". It also refined full life-cycle management for affiliated institutions at all levels. In respect of cross-border risk management, amid uncertainties stemming from changes in the external environment, the Group kept optimizing risk-monitoring tools, and enhanced response strategies, contingency plan formulation and drills. Focusing on the functional positioning of overseas branches, it continuously updated and iterated the "one-policy-for-one-branch", and prioritized compliant and sound operation as well as comprehensive and effective risk prevention and control for overseas branches. The Group strengthened country risk management, carried out country risk assessment, ratings and stress tests, paid continuous attention to and responded to country risk events in a timely manner, guided operating units to optimize their asset-liability structure in the country-specific dimension, and carried out country risk management throughout the entire process of relevant business development.

11. Management of Large Exposure

The Group conscientiously implemented the requirements of the *Rules on Large Exposure of Commercial Banks* issued by the former CBIRC, promoted the construction of the management system, continuously monitored the situation of large exposures, strictly implemented the management of various limits and enhanced the Group's ability to prevent systemic and regional risks. As at the end of the Reporting Period, all indicators of the Group's large exposure were in compliance with the regulatory requirements.

12. Climate and Environmental Risk Management

The Group actively supports the goal of "Carbon Peak and Carbon Neutrality", promotes the further integration of climate and environmental risks into the comprehensive risk management system, and continuously improves the governance structure, strengthens the institutional constraints, enhances the risk assessment and optimizes the means of management and control according to the risk appetite determined by the Board of Directors, so as to effectively respond to new challenges brought about by climate change and the low-carbon transformation of the socio-economy. During the Reporting Period, the Bank continuously improved carbon data management capabilities, completed a new round of high-quality carbon measurement for investment and financing activities, and kept expanding the coverage and granularity of carbon measurement. The Bank conducted climate-transition risk stress-testing covering all domestic loans.

13. Model Risk Management

The objective of the Group's model risk management is to maintain the effective operation of the model system in accordance with the risk appetite set by the Board of Directors, and keep the overall model risk at a low risk level. During the Reporting Period, the Bank established a comprehensive model risk management system, strengthened the unified management of models, enhanced the verification and review of key models, fully disclosed the limitations of models, and promoted the rational application of models. Under the unified model management, the Bank steadily promoted the development and iteration of various models, which were widely used in the whole process of corporate, inclusive, retail and other businesses, as well as in bank-wide capital measurement, impairment provision, stress testing, anti-money laundering and anti-telecom fraud, centralized operations, fair value valuation of financial products and other fields, supporting digital decision-making and precise measurement.

(V) Capital Management

1. Capital Adequacy Ratio and Leverage Ratio

Pursuant to regulatory requirements, the Group calculated the capital adequacy ratios and leverage ratio in accordance with the *Rules on Capital Management of Commercial Banks* and the relevant requirements since 2024, steadily advanced the development of the advanced methods for capital measurement, and enhanced the level of capital management. As at the end of the Reporting Period, the Group's capital adequacy ratio stood at 16.00%, tier-1 capital adequacy ratio at 12.46%, common equity tier-1 capital adequacy ratio at 11.25% and leverage ratio at 7.12%, all of which satisfied regulatory requirements. According to *The Banker*'s "Top 1000 World Banks 2026" list, the Bank's tier-1 capital ranking rose by two places compared with the previous year, ranking seventh among global banks.

(1) Capital Adequacy Ratios

(in millions of RMB unless otherwise stated)

	30 June 2026	31 December 2025
Net common equity tier-1 capital	**1,162,549**	1,138,469
Net tier-1 capital	**1,287,623**	1,265,060
Net capital	**1,653,541**	1,589,837
Risk-weighted assets	**10,334,314**	9,958,343
Common equity tier-1 capital adequacy ratio (%)	**11.25**	11.43
Tier-1 capital adequacy ratio (%)	**12.46**	12.70
Capital adequacy ratio (%)	**16.00**	15.96

(2) Leverage Ratio

(in millions of RMB unless otherwise stated)

	30 June 2026	31 December 2025
Net tier-1 capital	**1,287,623**	1,265,060
Total leverage ratio exposure measure	**18,091,542**	17,376,153
Leverage ratio (%)	**7.12**	7.28

As at the end of the Reporting Period, the Group's capital adequacy ratio and leverage ratio both met the regulatory requirements. For further information on the Group's capital and leverage ratio measurement, please refer to the *Pillar 3 Report at 30 June 2026* published on the official website of the Bank.

2. Capital Financing Management

During the Reporting Period, on the basis of capital replenishment by retained profits, the Bank proactively expanded the channels for external capital replenishment, continuously optimized its capital structure, controlled financing costs, and maintained capital adequacy and reasonable and sufficient total loss-absorbing capacity (TLAC).

In April 2026, the Bank issued RMB40 billion of tier-2 capital bonds in the China Interbank Bond Market with a term of 5+5 years and a coupon rate of 1.97%, to replenish the tier-2 capital of the Bank.

In May 2026, the Bank issued RMB50 billion TLAC non-capital bonds in the China Interbank Bond Market with a term of 3+1 years and a coupon rate of 1.75%, to enhance the TLAC of the Bank.

In May 2026, the Bank issued RMB40 billion of undated capital bonds in the China Interbank Bond Market with a coupon rate of 1.94%, to replenish the additional tier-1 capital of the Bank.

In June 2026, the Bank redeemed RMB41.5 billion of undated capital bonds.

(VI) Outlook

In the first half of the year, China effectively responded to various external shocks and internal challenges. The economy remained generally stable, demonstrating a development trend toward new growth drivers and an improved structure, which provided strong support and broad space for the banking industry to serve Chinese-style modernization and pursue its own high-quality development.

In the next stage, the Group will continue to thoroughly implement the decisions and arrangements of the CPC Central Committee and the State Council, effectively play its role as a main force in serving the real economy and a ballast for maintaining financial stability, practice a correct view of political achievements, stay anchored to the "three stabilities and one optimization" goals, improve operating efficiency, optimize the business structure, enhance asset quality, and make greater contributions to the building of a financial powerhouse.

To serve the overall development of the country, the Group will fully promote the implementation of the key tasks of the "15th Five-Year Plan". It will align closely with the "15th Five-Year Plan" at all levels and in all sectors, leverage the synergistic effects of existing and new policies, actively support the expansion of domestic demand, the capacity expansion and quality improvement of the services sector and the building of a modern industrial system, enhance the precision and adaptability of financial services, and facilitate high-quality economic and social development.

To strengthen comprehensive services, the Group will make concrete and meticulous efforts in the "five priorities" of finance based on local conditions. Leveraging the Group's comprehensive financial license advantage, and based on the resource endowments and industrial advantages of different regions, it will actively serve industrial transformation and upgrading and the people's livelihood needs. The Group will continuously optimize supporting policies, resource allocation and talent supply, continuously enhance the service capabilities and core competitiveness, and deliver the "five priorities" of finance with high quality.

By coordinating the Group's resources, the Group will make every effort to support the development of Shanghai as an international financial center. Leveraging its advantages of being headquartered in Shanghai and having a concentration of subsidiaries, the Group will deeply integrate into the development of Shanghai as a global allocation center for RMB assets and a risk management center, continue to forge distinctive advantages in cross-border finance and offshore finance, and support high-level opening up. The Group will also give full play to its role as a source and driver of innovation, driving the Group's reform and development.

By strengthening risk prevention and control, the Group will firmly safeguard against systemic risks. It will steadily advance the prevention and mitigation of risks in key areas such as real estate, local government debt and inclusive retail business, and external shocks. The Group will strengthen bottom-line thinking and extreme-value thinking, enhance the situational analysis and judgment, and improve its capabilities to respond to extreme scenarios and its operational resilience.

V. OTHER INFORMATION

(I) Compliance with the Corporate Governance Code

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

During the Reporting Period, the Bank fully complied with the code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and complied with most of the recommended best practices contained therein.

(II) Securities Transactions by Directors and Senior Management

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

(III) Profit Distribution Plan

Pursuant to the resolution of 2026 interim profit distribution considered at the 8th meeting of the 11th Session of the Board of Directors of the Bank, calculated based on the total ordinary shares of 88,363,784,223 shares, a cash dividend of RMB0.168 for every share (inclusive of tax) will be distributed to the registered shareholders of H shares and A shares of the Bank, totaling RMB14,845 million, accounting for 31.0% of the net profit attributable to the shareholders of the parent company. The above-mentioned plan complies with the provisions of the Articles of Association and review procedures, fully protects the legitimate rights and interests of small and medium-sized investors, and has been commented by independent non-executive directors. The current distribution does not involve bonus shares or conversion of capital reserve into share capital. Such distribution plan will be submitted to the shareholders' meeting for consideration. For the interim dividend, H shareholders will be offered the option to receive the dividend in RMB. H shareholders are entitled to elect to receive the interim dividend wholly in RMB or wholly Hong Kong dollars (HKSCC Nominees Limited may elect to receive such dividend in RMB or Hong Kong dollars, in whole or in part).

(IV) Audit Committee

The Bank has established an Audit Committee under the Board of Directors in accordance with the requirements of the Listing Rules of the Shanghai Stock Exchange and the Hong Kong Listing Rules. The Audit Committee is mainly responsible for reviewing the Bank's financial information and its disclosure, examining the Bank's accounting policies and practices, monitoring its financial position and financial reporting procedures, and monitoring and evaluating the effectiveness and implementation of the Bank's internal controls; proposing the appointment, reappointment or removal of the Bank's auditors who conduct regular statutory audits of the Bank's financial reports and taking charge of specific implementation matters, and monitoring and evaluating the Bank's relationship with the external auditors and the work of the external auditors; guiding, assessing and evaluating the internal audit work and the internal audit system and its implementation; and supervising the conduct of the directors and senior management in the discharge of their duties, among others.

As at the date of this announcement, the Audit Committee comprised six members, including Ms. Li Xiaohui, Mr. Chang Baosheng, Mr. Mu Guoxin, Mr. Zhang Xiangdong, Mr. Wong Tin Chak and Mr. Xiao Wei. Four of the members are independent non-executive directors, with Ms. Li Xiaohui, an independent non-executive director, serving as the chairwoman.

During the Reporting Period, the Audit Committee, together with the senior management, has reviewed the Bank's accounting policies and practices, carefully deliberated on financial reporting matters including this announcement, coordinated and facilitated smooth communication among the Bank's senior management, internal audit department and external auditors, effectively ensured that the internal audit department was equipped with sufficient resources and had an appropriate standing, while supervising the internal audit work regarding business continuity, related party transactions and other matters. Furthermore, it monitored the operation of the internal control system, paid close attention to capital management, provided timely supervisory comments and recommendations, and urged the senior management to enhance the quality and effectiveness of management and control.

VI. FINANCIAL REPORT

Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income
For the six months ended 30 June 2026

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

	Six months ended 30 June	
	2026	2025
Interest income	**205,322**	213,961
Interest expense	**(112,730)**	(128,714)
Net interest income	**92,592**	85,247
Fee and commission income	**22,934**	22,429
Fee and commission expense	**(2,461)**	(1,971)
Net fee and commission income	**20,473**	20,458
Net gains/(losses) arising from trading activities	**11,019**	10,669
Net gains/(losses) arising from financial investments	**3,316**	2,275
Including: Net gains on derecognition of financial assets measured at amortised cost	**1,518**	560
Net gains/(losses) on investments in associates and joint ventures	**386**	242
Other operating income	**14,754**	14,607
Net operating income	**142,540**	133,498
Credit impairment losses	**(34,541)**	(32,814)
Other assets impairment losses	**(851)**	(531)
Other operating expenses	**(53,511)**	(53,243)
Profit before tax	**53,637**	46,910
Income tax	**(5,031)**	(455)
Net profit for the period	**48,606**	46,455

Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income (continued)
For the six months ended 30 June 2026

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

	Six months ended 30 June	
	2026	2025
Other comprehensive income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of debt instruments measured at fair value through other comprehensive income		
Amount recognised in equity	**1,581**	581
Amount reclassified to profit or loss	**(1,624)**	(1,317)
Expected credit losses of debt instruments measured at fair value through other comprehensive income		
Amount recognised in equity	**(45)**	621
Amount reclassified to profit or loss	**–**	–
Effective portion of gains or losses on hedging instruments in cash flow hedges		
Amount recognised in equity	**846**	(1,083)
Amount reclassified to profit or loss	**(684)**	1,275
Translation differences for foreign operations	**(5,209)**	(97)
Others	**(674)**	(1,082)
Subtotal	**(5,809)**	(1,102)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial revaluation on pension benefits	**(11)**	(5)
Changes in fair value of equity instruments designated at fair value through other comprehensive income	**(556)**	1,180
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	**(204)**	331
Others	**31**	(223)
Subtotal	**(740)**	1,283

Unaudited interim condensed consolidated statement of profit or loss and other comprehensive income (continued)
For the six months ended 30 June 2026

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

	Six months ended 30 June	
	2026	2025
Other comprehensive income, net of tax	**(6,549)**	181
Total comprehensive income for the period	**42,057**	46,636
Net profit attributable to:		
Shareholders of the parent company	**47,874**	46,016
Non-controlling interests	**732**	439
	48,606	46,455
Total comprehensive income attributable to:		
Shareholders of the parent company	**41,668**	46,072
Non-controlling interests	**389**	564
	42,057	46,636
Basic and diluted earnings per share for profit attributable to holders of ordinary shares of the parent company *(in RMB yuan)*	**0.52**	0.59

Unaudited interim condensed consolidated statement of financial position
As at 30 June 2026

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

	As at 30 June 2026	As at 31 December 2025
ASSETS		
Cash and balances with central banks	**756,642**	701,847
Due from and placements with banks and other financial institutions	**944,861**	881,284
Derivative financial assets	**54,870**	43,736
Loans and advances to customers	**9,257,705**	8,898,768
Financial investments at fair value through profit or loss	**706,638**	600,609
Financial investments at amortised cost	**2,781,574**	2,701,622
Financial investments at fair value through other comprehensive income	**1,235,257**	1,225,683
Investments in associates and joint ventures	**19,663**	16,897
Property and equipment	**250,110**	246,926
Deferred tax assets	**43,386**	42,198
Other assets	**209,469**	188,818
Total assets	**16,260,175**	15,548,388
LIABILITIES AND EQUITY		
LIABILITIES		
Due to and placements from banks and other financial institutions	**2,540,122**	2,477,757
Financial liabilities at fair value through profit or loss	**47,930**	47,714
Derivative financial liabilities	**42,079**	36,998
Deposits from customers	**9,915,436**	9,307,815
Certificates of deposits issued	**1,355,533**	1,403,271
Income tax payable	**6,084**	5,142
Debt securities issued	**713,459**	692,085
Deferred tax liabilities	**4,047**	3,657
Other liabilities	**331,553**	293,667
Total liabilities	**14,956,243**	14,268,106

Unaudited interim condensed consolidated statement of financial position (continued)
As at 30 June 2026

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

	As at 30 June 2026	As at 31 December 2025
LIABILITIES AND EQUITY (CONTINUED)		
EQUITY		
Share capital	**88,364**	88,364
Other equity instruments	**124,952**	126,450
Including: Preference shares	**44,952**	44,952
Perpetual bonds	**80,000**	81,498
Capital surplus	**215,717**	215,762
Other reserves	**466,710**	453,084
Retained earnings	**397,049**	385,572
Equity attributable to shareholders of the parent company	**1,292,792**	1,269,232
Equity attributable to non-controlling interests of ordinary shares	**8,440**	8,350
Equity attributable to non-controlling interests of other equity instruments	**2,700**	2,700
Non-controlling interests	**11,140**	11,050
Total equity	**1,303,932**	1,280,282
Total equity and liabilities	**16,260,175**	15,548,388

Unaudited interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2026

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

	Equity attributable to shareholders of the parent company															Non-controlling interests		
		Other equity instruments			Other reserves													
	Share capital	Preference share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total
As at 1 January 2026	**88,364**	**44,952**	**81,498**	**215,762**	**114,654**	**140,891**	**187,601**	**11,758**	**250**	**(120)**	**2,191**	**(102)**	**(4,039)**	**385,572**	**1,269,232**	**8,350**	**2,700**	**1,280,282**
Total comprehensive income	-	-	-	-	-	-	-	(528)	(204)	161	(5,224)	(11)	(400)	47,874	41,668	330	59	42,057
Capital contribution and reduction by other equity instruments holders	-	-	(1,498)	(3)	-	-	-	-	-	-	-	-	-	-	(1,501)	-	-	(1,501)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,880)	(14,880)	(102)	-	(14,982)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(59)	(59)
Transferred to reserves	-	-	-	-	8,222	-	11,622	-	-	-	-	-	-	(19,844)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(3)	-	-	-	-	(9)	12	-	-	-	-
Others	-	-	-	(42)	-	-	-	-	-	-	-	-	-	-	(42)	(138)	-	(180)
As at 30 June 2026	**88,364**	**44,952**	**80,000**	**215,717**	**122,876**	**140,891**	**199,223**	**11,227**	**46**	**41**	**(3,033)**	**(113)**	**(4,448)**	**397,049**	**1,292,792**	**8,440**	**2,700**	**1,303,932**

Unaudited interim condensed consolidated statement of changes in equity (continued)

For the six months ended 30 June 2025

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

	Equity attributable to shareholders of the parent company															Non-controlling interests		
		Other equity instruments			Other reserves													
	Share capital	Preference share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total
As at 1 January 2025	74,263	44,952	129,844	111,420	106,014	140,545	173,176	17,289	33	(25)	4,165	(104)	(5,531)	348,265	1,144,306	7,706	3,585	1,155,597
Total comprehensive income	–	–	–	–	–	–	–	455	331	192	(112)	(5)	(805)	46,016	46,072	497	67	46,636
Capital contribution by ordinary shareholders	14,101	–	–	105,839	–	–	–	–	–	–	–	–	–	–	119,940	–	–	119,940
Capital contribution and reduction by other equity instruments holders	–	–	–	–	–	–	–	–	–	–	–	–	–	(16)	(16)	–	(885)	(901)
Dividends paid to ordinary shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(14,630)	(14,630)	(122)	–	(14,752)
Interest paid to perpetual bond holders	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,685)	(1,685)	–	–	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(67)	(67)
Transferred to reserves	–	–	–	–	8,009	–	14,017	–	–	–	–	–	–	(22,026)	–	–	–	–
Transfer of other comprehensive income to retained earnings	–	–	–	–	–	–	–	(44)	–	–	–	–	–	44	–	–	–	–
Others	–	–	–	2	–	–	–	–	–	–	–	–	–	–	2	–	–	2
As at 30 June 2025	88,364	44,952	129,844	217,261	114,023	140,545	187,193	17,700	364	167	4,053	(109)	(6,336)	355,968	1,293,989	8,081	2,700	1,304,770

Unaudited interim condensed consolidated statement of cash flows
For the six months ended 30 June 2026

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

	Six months ended 30 June	
	2026	2025
Cash flows from operating activities:		
Profit before tax:	**53,637**	46,910
Adjustments for:		
Provision for credit impairment losses	**34,541**	32,814
Provision for other assets impairment losses	**851**	531
Depreciation and amortization	**9,709**	9,913
Provision for outstanding litigation	**(82)**	(96)
Net gains on the disposal of property, equipment and other assets	**(309)**	(722)
Interest income on financial investments	**(54,835)**	(56,479)
Net (gains)/losses on fair value and foreign exchange	**(4,291)**	(5,079)
Net (gains)/losses on investments in associates and joint ventures	**(386)**	(242)
Net (gains)/losses arising from financial investments	**(3,038)**	(2,176)
Interest expense on debt securities issued	**8,178**	9,010
Interest expense on lease liabilities	**80**	88
Operating cash flows before movements in operating assets and liabilities	**44,055**	34,472
Net (increase)/decrease in balances with central banks	**(47,399)**	14,837
Net (increase)/decrease in due from and placements with banks and other financial institutions	**(61,064)**	7,338
Net increase in loans and advances to customers	**(402,669)**	(458,863)
Net (increase)/decrease in financial assets at fair value through profit or loss	**(89,246)**	58,770
Net increase in other assets	**(39,285)**	(8,920)
Net increase/(decrease) in due to and placements from banks and other financial institutions	**74,843**	(114,563)
Net increase in financial liabilities at fair value through profit or loss	**3,862**	10,127
Net increase in deposits from customers and certificates of deposit issued	**609,624**	505,951
Net increase in other liabilities	**6,333**	9,960
Net increase in value-added tax and other taxes payable	**1,013**	295
Income tax paid	**(5,124)**	(5,925)
Net cash flows generated from/(used in) operating activities	**94,943**	53,479

Unaudited interim condensed consolidated statement of cash flows (continued)
For the six months ended 30 June 2026

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

	Six months ended 30 June	
	2026	2025
Cash flows from investing activities:		
Cash payment for investment in subsidiaries, associated ventures and joint ventures	**(2,600)**	(1,973)
Cash payments for financial investments	**(698,326)**	(584,754)
Proceeds from disposal or redemption of financial investments	**591,715**	443,374
Dividends received	**300**	531
Interest received from financial investments	**55,384**	55,432
Acquisition of intangible assets and other assets	**(385)**	(582)
Cash received from the sale of intangible assets and other assets	**6**	20
Acquisition of property and equipment	**(22,629)**	(18,734)
Cash received from disposal of property and equipment	**5,300**	4,390
Net cash flows generated from/(used in) investing activities	**(71,235)**	(102,296)
Cash flows from financing activities:		
Cash received from the issuance of ordinary shares	**–**	120,000
Cash received from the issuance of other equity instruments	**40,000**	2,700
Proceeds from the issuance of debt securities	**95,899**	105,745
Repayment of principal and interest of lease liabilities	**(1,041)**	(1,066)
Repayment of principals of debt securities issued	**(72,948)**	(86,440)
Payment of interest on debt securities	**(6,576)**	(7,254)
Cash paid for redemption of other equity instruments	**(41,500)**	(3,601)
Dividends paid	**(11,281)**	(29,828)
Dividends paid to non-controlling interests	**(169)**	(91)
Cash paid for the issuance of ordinary shares and other equity instruments	**(30)**	(22)
Cash paid for other financing activities	**(180)**	–
Net cash flows generated from/(used in) financing activities	**2,174**	100,143
Effect of exchange rate fluctuations on cash and cash equivalents held	**(1,787)**	956
Net changes in cash and cash equivalents	**24,095**	52,282
Cash and cash equivalents at the beginning of the period	**126,462**	161,950
Cash and cash equivalents at the end of the period	**150,557**	214,232
Net cash flows from operating activities include:		
Interest received	**151,598**	161,898
Interest paid	**(128,211)**	(124,793)

1 Significant accounting policies

(1) Basis of preparation

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

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. The principal accounting policies and methods of computation used in preparing the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2025.

The unaudited interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025, which have been audited.

(2) Changes in accounting policies

(a) Standards and amendments effective in 2026 relevant to and adopted by the Group

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

		Note
Amendments to IFRS 7 and IFRS 9	Classification and measurement of financial assets	*(i)*
Amendments to IFRS 7 and IFRS 9	Contracts referencing nature-dependent electricity	*(i)*
Annual improvements to IFRS Accounting Standards	Volume 11	*(i)*

(i) Description of this amendment was disclosed in the Group's consolidated financial statements for the year ended 31 December 2025. The adoption of this amendment does not have a significant impact on the financial position or comprehensive income of the Group.

(b) Standards and amendments relevant to the Group that are not yet effective in the current reporting period and have not been adopted before their effective dates by the Group

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

		Effective for annual periods beginning on or after	*Notes*
IFRS 18	Presentation and disclosure in financial statements	1 January 2027	*(i)*
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027	*(ii)*
Amendments to IAS 28	Fair value option	1 January 2027	*(iii)*
IFRS 20	Regulatory assets and regulatory liabilities	1 January 2029	*(iv)*
Amendments to IAS 21	Translation of presentation currency in hyperinflationary economies	1 January 2027	*(ii)*
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an Investor and Its associate or joint venture	Effective date has been deferred indefinitely.	*(ii)*

(i) IFRS 18: Presentation and disclosure in financial statements

Description of this standard was disclosed in the Group's consolidated financial statements for the year ended 31 December 2025. The Group has not completed its assessment of the impact on the Group's consolidated financial statements of adopting IFRS 18.

(ii) Descriptions of these standards and amendments were disclosed in the Group's consolidated financial statements for the year ended 31 December 2025. The Group anticipates that the adoption of these standards and amendments will not have a significant impact on the Group's financial information.

(iii) Amendments to IAS 28: Fair value option

In June 2026, the IASB issued targeted amendments to IAS 28 Investments in associates and joint ventures, clarifying eligibility for the fair value option for investments in associates and joint ventures. The amendments specify that "similar entities" in paragraphs 18-19 include entities that have a main business activity of investing in particular types of assets (consistent with the concept in paragraph 49(a) of IFRS 18). An entity shall apply the amendments at the same time and in accordance with the relevant transition requirement as it applies IFRS 18. The transitional provisions of IFRS 18 permit an eligible entity, at the date of initial application, to change its IAS 28.18 election from the equity method to fair value through profit or loss, applied retrospectively.

The Group has not completed its assessment of the impact on the Group's consolidated financial statements of adopting amendments to IAS 28.

(iv) IFRS 20: Regulatory assets and regulatory liabilities

In May 2026, the IASB issued IFRS 20: Regulatory assets and regulatory liabilities, a new IFRS Accounting Standard that applies to entities subject to rate regulation, which are common in the utility and transport sectors. It introduces an accounting model intended to supplement information provided under IFRS 15 by reflecting regulatory assets and liabilities. IFRS 20 replaces IFRS 14 Regulatory Deferral Accounts and is effective for annual reporting periods beginning on or after 1 January 2029. Earlier application is permitted.

The Group anticipates that the adoption of the standard will not have a significant impact on the consolidated financial statements.

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

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2025.

2 Net interest income

	Six months ended 30 June	
	2026	2025
Interest income		
Loans and advances to customers	**132,771**	138,325
Financial investments	**54,835**	56,479
Due from and placements with banks and other financial institutions	**12,084**	13,580
Balances with central banks	**5,632**	5,577
Subtotal	**205,322**	213,961
Interest expense		
Deposits from customers	**(69,602)**	(81,155)
Due to and placements from banks and other financial institutions	**(21,781)**	(22,108)
Certificates of deposit issued	**(13,169)**	(16,441)
Debt securities issued	**(8,178)**	(9,010)
Subtotal	**(112,730)**	(128,714)
Net interest income	**92,592**	85,247

3 Fee and commission income

	Six months ended 30 June	
	2026	2025
Bank cards business	**7,703**	7,888
Custody and other fiduciary business	**4,681**	4,503
Wealth management business	**4,044**	4,121
Agency services	**2,941**	2,303
Guarantee and commitment	**1,697**	1,723
Investment banking	**1,033**	1,107
Settlement services	**775**	744
Others	**60**	40
Total	**22,934**	22,429

4 Credit impairment losses

	Six months ended 30 June	
	2026	2025
Loans and advances to customers at amortised cost	**32,549**	29,440
Credit related commitments and financial guarantees	**761**	197
Due from and placements with banks and other financial institutions	**723**	1,202
Financial investments at amortised cost	**185**	60
Loans and advances to customers at FVOCI	**156**	786
Debt investments at FVOCI	**(7)**	240
Others	**174**	889
Total	**34,541**	32,814

5 Other assets impairment losses

	Six months ended 30 June	
	2026	2025
Operating lease assets	**842**	520
Foreclosed assets	**9**	11
Total	**851**	531

6 Income tax

	Six months ended 30 June	
	2026	2025
Current income tax		
– Enterprise income tax	**4,817**	1,486
– Hong Kong profits tax	**785**	774
– Other countries or regions	**487**	597
Subtotal	**6,089**	2,857
Deferred income tax	**(1,058)**	(2,402)
Total	**5,031**	455

The provision for enterprise income tax in Chinese Mainland is calculated based on the statutory rate of 25% (2025: 25%) of the assessable income of the Bank and each of the subsidiary established in Chinese Mainland. Taxation arising in other jurisdictions (including Hong Kong) is calculated at the rates prevailing in the relevant jurisdictions, the shortfall arising from the difference between tax paid by overseas branches and the accrued tax under the regulation of Chinese Mainland shall be compensated by the head office.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published *Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules* ("**Pillar Two**"). Some of the jurisdictions where the Group's overseas entities are located, had implemented Pillar Two legislation during the reporting period. According to amendments to IAS 12 on Pillar Two Model Rules, the Group does not recognise deferred tax assets and liabilities related to Pillar Two and does not disclose relevant information. As at 30 June 2026, the Group has not completed its assessment of the potential impact on the Group's consolidated financial statements of the implementation of Pillar Two.

The actual taxation on the Group differs from the theoretical amount calculated using the Group's profit before tax at the tax rate of 25% (2025: 25%). The major reconciliation items are as follows:

		Six months ended 30 June	
	Note	**2026**	2025
Profit before tax		**53,637**	46,910
Tax calculated at statutory rate of 25%		**13,409**	11,728
Effects of different tax rates prevailing in other countries or regions		**(235)**	(276)
Effects of non-deductible expenses	*(1)*	**4,773**	1,810
Effects of non-taxable income	*(2)*	**(12,495)**	(12,386)
Others		**(421)**	(421)
Income tax		**5,031**	455

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

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

7 Basic and diluted earnings per share

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

	Six months ended 30 June	
	2026	2025
Net profit attributable to shareholders of the parent company	**47,874**	46,016
Less: Dividends paid to preference shareholders	**–**	–
Interest paid to perpetual bond holders	**(1,685)**	(1,685)
Net profit attributable to holders of ordinary shares of the parent company	**46,189**	44,331
Weighted average number of ordinary shares in issue (expressed in millions) at the end of the period	**88,364**	75,587
Basic and diluted earnings per share (expressed in RMB per share)	**0.52**	0.59

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

The conversion feature of preference shares may lead to the possible existence of contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2026, and therefore the conversion feature of preference shares has no effect on the calculation of the basic and diluted earnings per share.

8 Derivative financial instruments

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

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

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

As at 30 June 2026	**Contractual/ notional amount**	**Fair values Assets**	**Fair values Liabilities**
Interest rate derivatives	**4,821,928**	**20,580**	**(12,360)**
Currency derivatives	**3,784,030**	**26,532**	**(21,915)**
Commodity derivatives and others	**161,944**	**7,758**	**(7,804)**
Total amount of derivative financial instruments recognised	**8,767,902**	**54,870**	**(42,079)**

As at 31 December 2025	Contractual/ notional amount	Fair values Assets	Fair values Liabilities
Interest rate derivatives	5,159,406	19,056	(13,029)
Currency derivatives	3,974,346	24,271	(23,129)
Commodity derivatives and others	76,017	409	(840)
Total amount of derivative financial instruments recognised	9,209,769	43,736	(36,998)

(1) Fair value hedge

The Group uses Interest rate derivatives and currency derivatives to hedge against exposures to changes in fair value arising from interest rate risks and uses regression analysis and critical term match to evaluate the effectiveness of hedging. With the support of testing results. For the six months ended 30 June 2026 and the six months ended 30 June 2025, the gain and loss arising from the ineffective portion of fair value value hedge were immaterial.

The following table shows the fair value hedge notional amounts and fair values:

	As at 30 June 2026			As at 31 December 2025			
		Fair values			Fair values		
	Contractual/ notional amount	Assets	Liabilities	Contractual/ notional amount	Assets	Liabilities	Line items in the statement of financial position
Interest rate derivatives	**245,084**	**5,921**	**(528)**	260,452	5,417	(1,654)	Derivative financial assets/liabilities
Currency derivatives	**2,403**	**–**	**(44)**	–	–	–	Derivative financial assets/liabilities
Total	**247,487**	**5,921**	**(572)**	260,452	5,417	(1,654)	

The following table shows the fair value hedge notional amounts with remaining maturity of:

	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
As at 30 June 2026	**4,732**	**2,713**	**29,440**	**140,540**	**70,062**	**247,487**
As at 31 December 2025	1,313	2,379	24,290	159,875	72,595	260,452

Information on the Group's hedged items in fair value hedges is as follows:

	As at 30 June 2026				
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
	Assets	Liabilities	Assets	Liabilities	Line items in the statement of financial position
Bonds	**226,842**	**–**	**(5,526)**	**–**	**Financial investments at amortised cost/Financial investments at FVOCI**
Others	**4,439**	**(28,616)**	**16**	**112**	**Due from and placements with banks and other financial institutions/ Loans and advances to customers/Due to and placements from banks and other financial institutions/Certificates of deposits issued/ Debt securities issued**
Total	**231,281**	**(28,616)**	**(5,510)**	**112**	

	As at 31 December 2025				
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
	Assets	Liabilities	Assets	Liabilities	Line items in the statement of financial position
Bonds	248,353	–	(3,955)	–	Financial investments at amortised cost/Financial investments at FVOCI
Others	8,846	(15,085)	(25)	(12)	Due from and placements with banks and other financial institutions/ Loans and advances to customers/Certificates of deposits issued/ Debt securities issued
Total	257,199	(15,085)	(3,980)	(12)	

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

	Six months ended 30 June	
	2026	2025
Net gains or losses from fair value hedges:		
Hedging instruments	**1,573**	(5,334)
Hedged items attributable to the hedged risk	**(1,621)**	5,341
Total	**(48)**	7

(2) Cash flow hedge

The Group uses currency derivatives and interest rate derivatives to hedge against exposures to cash flow variability primarily resulting from foreign exchange risks and interest rate risks and mainly applies the regression analysis method and critical terms comparison method to assess hedge effectiveness. The hedged items include financial investments at amortised cost, financial investments at FVOCI, due from and placements with banks and other financial institutions, loans and advances to customers, due to and placements from banks and other financial institutions, certificates of deposits issued, debt securities issued, other assets and other liabilities. For the six months ended 30 June 2026 and the six months ended 30 June 2025, the gain and loss arising from the ineffective portion of cash flow hedge were immaterial.

The following table shows the cash flow hedge notional amounts and fair values:

	As at 30 June 2026			As at 31 December 2025			
		Fair values			Fair values		
	Contractual/ notional amount	**Assets**	**Liabilities**	Contractual/ notional amount	Assets	Liabilities	Line items in the statement of financial position
Currency derivatives	**184,679**	**1,788**	**(1,470)**	154,700	860	(1,472)	Derivative financial assets/liabilities
Interest rate derivatives	**41,438**	**141**	**(53)**	44,052	58	(230)	Derivative financial assets/liabilities
Total	**226,117**	**1,929**	**(1,523)**	198,752	918	(1,702)	

The following table shows the cash flow hedge notional amounts with remaining maturity of:

	Up to 1 month	**1 – 3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Total**
As at 30 June 2026	**12,037**	**35,812**	**142,593**	**32,825**	**2,850**	**226,117**
As at 31 December 2025	24,406	51,306	73,708	44,017	5,315	198,752

Information on the Group's hedged items in cash flow hedges is as follows:

	As at 30 June 2026		As at 31 December 2025	
	Assets	**Liabilities**	Assets	Liabilities
Foreign risk	**102,483**	**(85,970)**	83,569	(94,946)
Interest risk	**6,880**	**(27,367)**	6,365	(30,221)
Total	**109,363**	**(113,337)**	89,934	(125,167)

Information on the Group's impact on equity and profit or loss of hedged items and hedging instruments in cash flow hedges is as follows:

	For the six months ended 30 June 2026			
	Fair value changes on hedging instruments recognised in other comprehensive income	**Reclassifications from the cash flow hedge reserve to profit or loss**	**Line item in the statement of profit or loss including reclassifications**	**Cash flow hedge reserve of the parent company**
Foreign risk	**(672)**	**734**	**Interest income, Interest expense, Net gains/(losses) arising from trading activities**	**181**
Interest risk	**(444)**	**178**	**Interest expense, Net gains/(losses) arising from trading activities**	**(222)**
Total	**(1,116)**	**912**		**(41)**

	For the six months ended 30 June 2025			
	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	Line item in the statement of profit or loss including reclassifications	Cash flow hedge reserve of the parent company
Foreign risk	1,205	(1,601)	Interest income, Interest expense, Net gains/(losses) arising from trading activities	181
Interest risk	353	(99)	Net gains/(losses) arising from trading activities	(348)
Total	1,558	(1,700)		(167)

9 Dividends

	Six months ended 30 June	
	2026	2025
Dividends to ordinary shareholders of the Bank	**14,880**	14,630
Interest to perpetual bond holders of the Bank	**1,685**	1,685

Under PRC Company Law and the Bank's Articles of Association, the net profit after tax as reported in the PRC statutory financial statements can only be distributed as dividends after allowances for the following:

(1) Making up cumulative losses from prior years, if any;

(2) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank as determined under the relevant PRC accounting standards;

(3) Allocations to statutory general reserve;

(4) Allocations to the discretionary reserve upon approval by the Annual General Meeting of Shareholders. These funds form part of the shareholders' equity. The cash dividends are recognised in the consolidated statement of financial position upon approval by the shareholders at Annual General Meeting.

Pursuant to the approval by the 2025 Annual General Meeting on 26 June 2026, the Bank appropriated a cash dividend of RMB0.1684 (inclusive of tax) for each ordinary share, with total amount of RMB14,880 million, calculated based on 88,364 million shares outstanding as at 31 December 2025, will be distributed to ordinary shareholders.

Pursuant to the approval by the Fourth Extraordinary Annual General Meeting of Shareholders on 12 December 2025, the Bank appropriated a cash dividend of RMB0.1563 (inclusive of tax) for each ordinary share, with total amount of RMB13,811 million, calculated based on 88,364 million shares outstanding as at 30 June 2025, will be distributed to ordinary shareholders.

Pursuant to the approval by the First Extraordinary Annual General Meeting of Shareholders on 8 April 2025, the Bank appropriated a cash dividend of RMB0.197 (inclusive of tax) for each ordinary share, with total amount of RMB14,630 million, calculated based on 74,263 million shares outstanding as at 31 December 2024, will be distributed to ordinary shareholders.

Pursuant to the approval by the Board meeting on 29 August 2025, the Bank will appropriate domestic preference dividends of RMB1,831,500,000.

The Bank distributed the interest on the 2021 undated capital bonds amounting to RMB1,685 million on 10 June 2026.

The Bank distributed the interest on the 2020 undated capital bonds in USD amounting to RMB888 million on 18 November 2025.

The Bank distributed the interest on the 2020 undated capital bonds amounting to RMB1,377 million on 25 September 2025.

The Bank distributed the interest on the 2024 undated capital bonds amounting to RMB920 million on 28 August 2025.

The Bank distributed the interest on the 2021 undated capital bonds amounting to RMB1,685 million on 10 June 2025.

10 Contingencies

Legal proceedings

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. Management of the Group believes, based on legal advice, the final result of these lawsuits will not have a material impact on the financial position or operations of the Group. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the period/year are summarised as follows:

	As at 30 June 2026	As at 31 December 2025
Outstanding litigations	**787**	1,215
Provision for outstanding litigation	**214**	296

Future receivables from operating leases

As the lessor, the Group mainly engages in leasing business of flight equipment and ships through its subsidiary in leases. According to the irrevocable leases contract, the minimum lease payment that the Group should receive is as follows:

	As at 30 June 2026	As at 31 December 2025
Within 1 year	**26,361**	22,427
After 1 year and within 2 years	**20,845**	21,264
After 2 years and within 3 years	**19,521**	19,365
After 3 years and within 4 years	**17,638**	17,976
After 4 years and within 5 years	**15,354**	15,606
After 5 years	**74,781**	73,196
Total	**174,500**	169,834

11 Commitments

Credit related commitments and financial guarantees

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes provisions for any probable losses accordingly.

The contractual amounts of loan commitments and credit card overdraft commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

The following tables provide the contractual amounts of the Group's credit related commitments and financial guarantees which the Group has committed to its customers:

	As at 30 June 2026	As at 31 December 2025
Loan commitments		
– with an original maturity within one year	**10,301**	10,830
– with an original maturity of one year or over	**109,505**	108,594
Credit card commitments	**942,447**	930,544
Bank acceptances	**685,002**	666,086
Financing guarantees	**2,396**	3,193
Non-financing guarantees	**510,347**	495,563
Sight letters of credit	**34,596**	35,759
Usance letters of credit	**199,500**	214,646
Others	**5,317**	6,389
Total	**2,499,411**	2,471,604

Capital expenditure commitments

	As at 30 June 2026	As at 31 December 2025
Contracted but not provided for	**36,832**	45,549

Commitments on security underwriting and bond acceptance

The Group is entrusted by the Ministry of Finance ('**MOF**') to underwrite certain treasury bonds. The investors of these treasury bonds have a right to redeem the bonds at any time prior to maturity and the Group is committed to honor such redemption requests. The redemption price is calculated as the nominal value of the bond plus payable interest in accordance with the terms of the related early redemption arrangement.

As at 30 June 2026, the nominal value of treasury bonds the Group had the obligation to buy back amounted to RMB61,120 million (As at 31 December 2025: RMB60,910 million). Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

As at 30 June 2026, the Group had no announced but unfulfilled irrevocable commitment on security underwriting (As at 31 December 2025: Nil).

12 Segmental analysis

Operating segments are identified based on the structure of the Group's internal organization and management requirements. Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Funds are ordinarily allocated between segments. Costs of these funds are charged at the Group's cost of capital and disclosed in inter-segment net interest income. Net interest income and expense relating to third parties are disclosed in external net interest income. There are no other material items of income or expenses between the segments.

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income tax is managed on a group basis and is not allocated to operating segments.

Geographical operating segment information

The Group's Board of Directors and senior management review the Group's operation by the particular economic areas in which the Group's branches and subsidiaries provide products or services. The Group's geographical operating segments are decided based upon location of the assets, as the Group's branches and subsidiaries mainly serve local customers.

The Group's geographical operating segments include tier-1 domestic branches and subsidiaries (if any) in relevant regions, as follows:

– Head Office: Head Office, including the Pacific Credit Card Centre;

– Yangtze River Delta: including Shanghai (excluding Head Office), Jiangsu Province, Zhejiang Province and Anhui Province;

– Central China: including Shanxi Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province, Hainan Province and Guangxi Zhuang Autonomous Region;

– Bohai Rim Economic Zone: including Beijing, Tianjin, Hebei Province and Shandong Province;

– Pearl River Delta: including Fujian Province and Guangdong Province;

– Western China: including Chongqing, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region and Tibet Autonomous Region;

– North Eastern China: including Liaoning Province, Jilin Province and Heilongjiang Province;

– Overseas: including Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, San Francisco, Sydney, Taipei, London, Luxembourg, Brisbane, Paris, Rome, Brazil, Melbourne, Toronto, Prague, Johannesburg and Dubai.

	Six months ended 30 June 2026								
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Total
External net interest income/(expense)	15,848	7,463	881	10,251	9,807	(210)	7,503	41,049	92,592
Inter-segment net interest income/(expense)	12,700	3,023	13,877	4,825	373	3,059	(181)	(37,676)	-
Net interest income	28,548	10,486	14,758	15,076	10,180	2,849	7,322	3,373	92,592
Fee and commission income	7,402	2,267	3,365	3,648	2,025	815	1,344	2,068	22,934
Fee and commission expense	(613)	(21)	(32)	(42)	(14)	(6)	(124)	(1,609)	(2,461)
Net fee and commission income	6,789	2,246	3,333	3,606	2,011	809	1,220	459	20,473
Net gains/(losses) arising from trading activities	5,551	94	149	270	78	6	808	4,063	11,019
Net gains/(losses) arising from financial investments	792	-	-	1	-	8	446	2,069	3,316
Net gains/(losses) on investments in associates and joint ventures	67	-	-	(2)	-	-	4	317	386
Other operating income	13,780	178	192	149	171	47	228	9	14,754
Total operating income – net	55,527	13,004	18,432	19,100	12,440	3,719	10,028	10,290	142,540
Credit impairment losses	(7,946)	(8,607)	(2,334)	(3,012)	(1,226)	769	(497)	(11,688)	(34,541)
Other assets impairment losses	(851)	-	-	-	2	(2)	-	-	(851)
Other operating expense	(21,004)	(3,463)	(4,520)	(4,818)	(3,481)	(1,729)	(2,591)	(11,905)	(53,511)
Profit/(loss) before tax	25,726	934	11,578	11,270	7,735	2,757	6,940	(13,303)	53,637
Income tax									(5,031)
Net profit for the period									48,606
Depreciation and amortisation	(797)	(414)	(525)	(561)	(454)	(207)	(294)	(1,221)	(4,473)
Capital expenditure	(21,856)	(16)	(30)	(60)	(579)	(24)	(107)	(312)	(22,984)

	Six months ended 30 June 2025								
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Total
External net interest income/(expense)	13,453	6,677	785	9,403	8,965	(365)	7,643	38,686	85,247
Inter-segment net interest income/(expense)	11,919	3,107	11,964	4,664	257	3,153	156	(35,220)	–
Net interest income	25,372	9,784	12,749	14,067	9,222	2,788	7,799	3,466	85,247
Fee and commission income	7,296	2,353	3,195	3,319	1,928	799	1,292	2,247	22,429
Fee and commission expense	(600)	(18)	(37)	(49)	(17)	(8)	(127)	(1,115)	(1,971)
Net fee and commission income	6,696	2,335	3,158	3,270	1,911	791	1,165	1,132	20,458
Net gains/(losses) arising from trading activities	2,406	74	169	318	58	44	1,084	6,516	10,669
Net gains/(losses) arising from financial investments	763	–	6	–	–	8	(181)	1,679	2,275
Net gains/(losses) on investments in associates and joint ventures	(5)	–	–	–	–	–	46	201	242
Other operating income	13,486	196	215	187	265	76	163	19	14,607
Total operating income – net	48,718	12,389	16,297	17,842	11,456	3,707	10,076	13,013	133,498
Credit impairment losses	(3,321)	(12,309)	(2,296)	(4,334)	(1,511)	215	(248)	(9,010)	(32,814)
Other assets impairment losses	(523)	–	(3)	–	(3)	(2)	–	–	(531)
Other operating expense	(19,381)	(3,910)	(4,803)	(5,174)	(3,645)	(1,885)	(2,525)	(11,920)	(53,243)
Profit/(loss) before tax	25,493	(3,830)	9,195	8,334	6,297	2,035	7,303	(7,917)	46,910
Income tax									(455)
Net profit for the period									46,455
Depreciation and amortisation	(811)	(444)	(554)	(589)	(473)	(222)	(312)	(1,461)	(4,866)
Capital expenditure	(18,561)	(29)	(30)	(104)	(289)	(25)	(53)	(183)	(19,274)

	As at 30 June 2026									
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	4,198,525	1,403,155	2,583,222	1,802,406	1,212,600	541,281	1,258,845	6,016,079	(2,799,324)	16,216,789
Including:										
Investments in associates and joint ventures	2,002	–	–	48	–	–	1,204	16,409	–	19,663
Unallocated assets										43,386
Total assets										16,260,175
Segment liabilities	(4,061,985)	(1,404,949)	(2,570,061)	(1,771,481)	(1,205,665)	(542,011)	(1,137,433)	(5,057,935)	2,799,324	(14,952,196)
Unallocated liabilities										(4,047)
Total liabilities										(14,956,243)

	As at 31 December 2025									
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	3,968,445	1,306,810	2,246,843	1,702,619	1,171,064	498,569	1,215,262	5,738,464	(2,341,886)	15,506,190
Including:										
Investments in associates and joint ventures	2,017	–	–	50	–	–	1,316	13,514	–	16,897
Unallocated assets										42,198
Total assets										15,548,388
Segment liabilities	(3,816,087)	(1,307,289)	(2,221,674)	(1,664,184)	(1,157,905)	(497,583)	(1,091,913)	(4,849,700)	2,341,886	(14,264,449)
Unallocated liabilities										(3,657)
Total liabilities										(14,268,106)

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

Business information

The Group is engaged predominantly in banking and related financial activities. It comprises corporate banking, personal banking, treasury and other business. Corporate banking mainly comprises corporate loans, bills, trade financing, corporate deposits and remittance. Personal banking mainly comprises personal loans, personal deposits, credit cards and remittance. Treasury mainly comprises money market placements and takings, financial investment, and securities sold under repurchase agreements. Other Business segment mainly comprises items which cannot be categorised in the above business segments.

The business information of the Group is summarised as follows:

	Six months ended 30 June 2026				
	Corporate Banking Business	**Personal Banking Business**	**Treasury Business**	**Other Business**	**Total**
External net interest income/(expense)	**49,079**	**11,384**	**32,138**	**(9)**	**92,592**
Inter-segment net interest income/(expense)	**1,267**	**22,876**	**(24,143)**	**–**	**–**
Net interest income/(expense)	**50,346**	**34,260**	**7,995**	**(9)**	**92,592**
Net fee and commission income	**5,270**	**12,865**	**2,255**	**83**	**20,473**
Net gains/(losses) arising from trading activities	**2,652**	**2,742**	**5,673**	**(48)**	**11,019**
Net gains/(losses) arising from financial investments	**56**	**728**	**2,532**	**–**	**3,316**
Net gains/(losses) on investments in associates and joint ventures	**111**	**67**	**–**	**208**	**386**
Other operating income	**12,560**	**1,775**	**288**	**131**	**14,754**
Total operating income – net	**70,995**	**52,437**	**18,743**	**365**	**142,540**
Credit impairment losses	**(9,745)**	**(24,235)**	**(561)**	**–**	**(34,541)**
Other assets impairment losses	**(851)**	**–**	**–**	**–**	**(851)**
Other operating expense					
– Depreciation and amortisation	**(1,625)**	**(2,476)**	**(307)**	**(65)**	**(4,473)**
– Others	**(22,266)**	**(24,074)**	**(2,492)**	**(206)**	**(49,038)**
Profit/(loss) before tax	**36,508**	**1,652**	**15,383**	**94**	**53,637**
Income tax					**(5,031)**
Net profit for the period					**48,606**
Depreciation and amortisation	**(1,625)**	**(2,476)**	**(307)**	**(65)**	**(4,473)**
Capital expenditure	**(22,219)**	**(612)**	**(69)**	**(84)**	**(22,984)**

	Six months ended 30 June 2025				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
External net interest income /(expense)	44,651	9,576	31,033	(13)	85,247
Inter-segment net interest income/(expense)	267	24,065	(24,332)	–	–
Net interest income/(expense)	44,918	33,641	6,701	(13)	85,247
Net fee and commission income	5,579	12,497	2,330	52	20,458
Net gains/(losses) arising from trading activities	1,760	927	7,873	109	10,669
Net gains/(losses) arising from financial investments	127	622	1,451	75	2,275
Net gains/(losses) on investments in associates and joint ventures	38	(5)	–	209	242
Other operating income	12,201	1,986	236	184	14,607
Total operating income – net	64,623	49,668	18,591	616	133,498
Credit impairment losses	(14,487)	(17,064)	(1,263)	–	(32,814)
Other assets impairment losses	(531)	–	–	–	(531)
Other operating expense					
– Depreciation and amortisation	(1,845)	(2,593)	(361)	(67)	(4,866)
– Others	(23,171)	(22,311)	(2,741)	(154)	(48,377)
Profit/(loss) before tax	24,589	7,700	14,226	395	46,910
Income tax					(455)
Net profit for the period					46,455
Depreciation and amortisation	(1,845)	(2,593)	(361)	(67)	(4,866)
Capital expenditure	(18,775)	(415)	(70)	(14)	(19,274)

	As at 30 June 2026				
	Corporate Banking Business	**Personal Banking Business**	**Treasury Business**	**Other Business**	**Total**
Segment assets	**7,147,993**	**3,054,800**	**5,957,352**	**56,644**	**16,216,789**
Including:					
Investments in associates and joint ventures	**11,613**	**2,002**	**–**	**6,048**	**19,663**
Unallocated assets					**43,386**
Total assets					**16,260,175**
Segment liabilities	**(5,952,730)**	**(4,625,283)**	**(4,306,295)**	**(61,804)**	**(14,946,112)**
Unallocated liabilities					**(10,131)**
Total liabilities					**(14,956,243)**

	As at 31 December 2025				
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	Total
Segment assets	6,708,789	3,107,581	5,640,306	49,514	15,506,190
Including:					
Investments in associates and joint ventures	9,018	2,017	–	5,862	16,897
Unallocated assets					42,198
Total assets					15,548,388
Segment liabilities	(5,561,716)	(4,379,120)	(4,269,592)	(48,879)	(14,259,307)
Unallocated liabilities					(8,799)
Total liabilities					(14,268,106)

There were no significant transactions with a single external customer that the Group mainly relied on.

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income and expense distribution between various segments have been adjusted.

13 Liquidity risk

(a) Maturity analysis

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

As at 30 June 2026	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	685,571	70,763	-	308	-	-	-	756,642
Due from and placements with banks and other financial institutions	-	-	86,469	327,005	131,024	263,386	119,880	17,097	944,861
Derivative financial assets	-	-	-	11,421	7,919	14,203	19,137	2,190	54,870
Loans and advances to customers	51,982	-	-	480,390	572,938	2,431,822	2,521,176	3,199,397	9,257,705
Financial investments at FVTPL	312	70,190	291,911	17,287	104,894	99,689	78,322	44,033	706,638
Financial investments at amortised cost	1,739	-	-	26,644	40,131	168,467	1,223,002	1,321,591	2,781,574
Financial investments at FVOCI	6	27,528	-	26,753	53,328	151,962	688,557	287,123	1,235,257
Other assets	2,834	289,472	186,936	-	-	-	43,386	-	522,628
Total assets	56,873	1,072,761	636,079	889,500	910,542	3,129,529	4,693,460	4,871,431	16,260,175
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(1,085,051)	(417,317)	(341,603)	(634,511)	(46,533)	(15,107)	(2,540,122)
Financial liabilities at FVTPL	-	(642)	(18,456)	(871)	(5,744)	(8,262)	(13,955)	-	(47,930)
Derivative financial liabilities	-	-	-	(10,284)	(8,300)	(10,843)	(11,956)	(696)	(42,079)
Deposits from customers	-	-	(3,157,815)	(789,870)	(877,327)	(2,259,490)	(2,830,897)	(37)	(9,915,436)
Other liabilities	-	-	(113,656)	(167,234)	(356,955)	(994,140)	(370,649)	(408,042)	(2,410,676)
Total liabilities	-	(642)	(4,374,978)	(1,385,576)	(1,589,929)	(3,907,246)	(3,273,990)	(423,882)	(14,956,243)
Net amount on liquidity gap	56,873	1,072,119	(3,738,899)	(496,076)	(679,387)	(777,717)	1,419,470	4,447,549	1,303,932

As at 31 December 2025	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	–	638,205	63,360	–	282	–	–	–	701,847
Due from and placements with banks and other financial institutions	–	–	73,090	267,494	155,931	271,409	94,138	19,222	881,284
Derivative financial assets	–	–	–	5,208	6,348	10,907	18,271	3,002	43,736
Loans and advances to customers	47,002	–	–	517,504	536,612	2,207,225	2,452,696	3,137,729	8,898,768
Financial investments at FVTPL	256	60,545	257,084	20,951	47,833	73,025	93,172	47,743	600,609
Financial investments at amortised cost	2,362	–	–	20,632	42,377	215,264	1,157,438	1,263,549	2,701,622
Financial investments at FVOCI	13	27,622	–	43,833	45,903	161,748	678,396	268,168	1,225,683
Other assets	2,528	284,170	165,943	–	–	2,316	39,882	–	494,839
Total assets	52,161	1,010,542	559,477	875,622	835,286	2,941,894	4,533,993	4,739,413	15,548,388
Liabilities									
Due to and placements from banks and other financial institutions	–	–	(852,014)	(390,370)	(298,341)	(862,866)	(59,361)	(14,805)	(2,477,757)
Financial liabilities at FVTPL	–	(713)	(19,247)	(993)	(6,360)	(4,124)	(16,277)	–	(47,714)
Derivative financial liabilities	–	–	–	(6,057)	(6,888)	(10,627)	(11,976)	(1,450)	(36,998)
Deposits from customers	–	–	(3,060,115)	(762,583)	(911,736)	(1,949,361)	(2,623,979)	(41)	(9,307,815)
Other liabilities	–	–	(84,866)	(187,835)	(283,474)	(1,125,463)	(368,103)	(348,081)	(2,397,822)
Total liabilities	–	(713)	(4,016,242)	(1,347,838)	(1,506,799)	(3,952,441)	(3,079,696)	(364,377)	(14,268,106)
Net amount on liquidity gap	52,161	1,009,829	(3,456,765)	(472,216)	(671,513)	(1,010,547)	1,454,297	4,375,036	1,280,282

14 Non-adjusting events after reporting period

In July 2026, the Bank issued the 2026 Green Financial Bond (Series 1) (Bond Connect) in the China Interbank Bond Market, with an issuance size of RMB20 billion, which is a 3-year floating-rate bond and a coupon rate of 1.52% (for the first period), for which the remaining interest period will be adjusted every 3 months according to the issuance terms.

In July 2026, the Bank issued the 2026 Tier 2 Capital Bonds (Series 2) (Bond Connect) in the China Interbank Bond Market, with an issuance size of RMB40 billion and a coupon rate of 1.89%, which is a 10-years fixed-rate bond and the issuer shall have a conditional redemption right at the end of the fifth year.

Profit distribution after reporting period

On 28 August 2026, the Board of Directors of the Bank proposed that calculated based on the total ordinary shares of 88,363,784,223 shares, a cash dividend of RMB0.168 for every share (inclusive of tax) will be distributed to the registered shareholders of H shares and A shares of the Bank, totaling RMB14,845 million. Such distribution plan will be submitted to the shareholders' meeting for consideration.

On 28 August 2026, the Board of Directors of the Bank approved the dividend distribution plan for domestic preference shares. The dividend on domestic preference shares was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which will be distributed on 7 September 2026.

VII. PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is simultaneously published on the "HKEXnews" website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Bank at www.bankcomm.com. This results announcement is extracted from the 2026 Interim Report prepared in accordance with the IFRSs. The full report will be published on the "HKEXnews" website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Bank at www.bankcomm.com for the reference of shareholders and investors. The 2026 Interim Report, which is prepared in accordance with China Accounting Standards, will be simultaneously published on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Bank at www.bankcomm.com. Investors should read the full interim report for details of the interim results. The 2026 Interim Report, which is prepared in accordance with the IFRSs, is expected to be dispatched to the shareholders of H shares in September 2026.

This results announcement is prepared in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version should prevail.

By order of the Board of
Bank of Communications Co., Ltd.
Ren Deqi
Chairman of the Board

Shanghai, the PRC
28 August 2026

As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Zhang Baojiang, Mr. Yin Jiuyong, Mr. Zhou Wanfu, Mr. Chang Baosheng, Mr. Liao, Yi Chien David*, Mr. Chan Siu Chung*, Mr. Mu Guoxin*, Mr. Ai Dong*, Mr. Zhang Xiangdong#, Ms. Li Xiaohui#, Mr. Ma Jun#, Mr. Wong Tin Chak#, Mr. Xiao Wei# and Ms. Liu Ruixia#.*

* *Non-executive directors*
\# *Independent non-executive directors*