BQD
青岛银行

2026 Interim Report

Bank of Qingdao Co., Ltd.
青島銀行股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)

(H Shares Stock Code: 3866)

SECTION I IMPORTANT NOTICE

1. The Board of Directors, Directors and senior management of the Bank assure that the information in this interim report contains no false records, misleading statements or material omissions, and severally and jointly take full responsibility for the authenticity, accuracy and completeness of the information in this interim report.

2. The proposals on the 2026 interim report of Bank of Qingdao Co., Ltd., its summary and results announcement were considered and approved at the 32nd meeting of the ninth session of the Board of Directors of the Bank held on 27 August 2026. There were 15 Directors eligible for attending the meeting, and 15 Directors actually attended the meeting (of which, one Director attended the meeting by proxy. Due to work arrangements, Mr. DENG Youcheng entrusted Mr. XING Lecheng to attend the meeting and exercise his voting rights on his behalf).

3. The Bank's chairman Mr. JING Zailun, president Mr. WU Xianming, vice president in charge of finance function Ms. CHEN Shuang and general manager of Financial Planning Department Mr. LI Zhenguo assure the authenticity, accuracy and completeness of the financial statements in this interim report.

4. The financial report of the Company for the first half of 2026 prepared in accordance with the PRC Accounting Standards for Business Enterprises and the IFRS Accounting Standards has been reviewed by Ernst & Young Hua Ming LLP and Ernst & Young in accordance with the PRC and International Standards on Review Engagements respectively.

5. As of the date of publication of the interim report, the Bank did not have any profit distribution plan or capital reserve capitalization plan for the first half of 2026.

6. Unless otherwise specified, the currency of the amounts mentioned in this interim report is RMB.

7. This interim report contains certain forward-looking statements about the financial conditions, operating results and business development of the Company. The report uses the words "will", "may", "strive", "plan", "hope", "endeavor", "expect", "aim" and similar wording to express forward-looking statements. These statements are made based on current plans, estimates and projections, and although the Company believes that the expectations reflected in these forward-looking statements are reasonable, the Company cannot assure that these expectations will be attained or confirmed to be correct and therefore they do not constitute substantive undertakings of the Company. Investors and relevant individuals should cultivate adequate risk awareness in this regard, understand the differences between plans, forecasts and commitments, and not unduly rely on such statements, and should be aware of investment risks. Please note that these forward-looking statements are related to future events or future financial, business or other performance of the Company, and are subject to certain uncertainties which may cause the actual results to differ substantially.

8. The Company invites investors to read the full text of this interim report carefully. The Company has described in detail the major risks and countermeasures in this interim report. For details, please refer to the content related to risk management set out in "SECTION III MANAGEMENT DISCUSSION AND ANALYSIS".

Contents

Term	Definition
Company	Bank of Qingdao Co., Ltd. and its subsidiaries
Bank or parent company	Bank of Qingdao Co., Ltd.
BQD Financial Leasing	BQD Financial Leasing Company Limited
BQD Wealth Management	BQD Wealth Management Company Limited
Laixi Yuantai Rural Bank	Qingdao Laixi Yuantai Rural Bank Co., Ltd.
CSRC	China Securities Regulatory Commission
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SZSE	the Shenzhen Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Articles of Association	Articles of Association of the Bank of Qingdao Co., Ltd.
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
Reporting Period	from 1 January 2026 to 30 June 2026 (both days inclusive)
RMB	the lawful currency of the PRC
Director(s)	director(s) of the Bank
Board of Directors or Board	the board of Directors of the Bank
Hong Kong	the Hong Kong Special Administrative Region of the PRC
IFRS Accounting Standards	the IFRS Accounting Standards issued by the International Accounting Standards Board

SECTION II CORPORATE INFORMATION AND KEY FINANCIAL HIGHLIGHTS

I. CORPORATE INFORMATION

Stock abbreviation (A shares)	BQD	**Stock code (A shares)**	002948
Listing stock exchange of A shares	Shenzhen Stock Exchange		
Stock abbreviation (H shares)	BQD	**Stock code (H shares)**	3866
Listing stock exchange of H shares	The Stock Exchange of Hong Kong Limited		
Company name in Chinese	青島銀行股份有限公司		
Abbreviation in Chinese	青島銀行		
Company name in English	BANK OF QINGDAO CO., LTD.		
Abbreviation in English	BANK OF QINGDAO		
Legal representative	JING Zailun		
Authorized representatives	JING Zailun, ZHANG Qiaowen		
Joint company secretaries	ZHANG Qiaowen, YU Wing Sze		
Registered address	Building 3, No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC		
Postal code of registered address	266061		
Office address	No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC		
Postal code of office address	266061		
Registered office address in Hong Kong	31st Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong		
Company website	http://www.qdccb.com/		
Email	ir@qdbankchina.com		

II. CONTACT PERSONS AND CONTACT INFORMATION

Item	**Secretary to the Board**	**Securities Affairs Representative**
Name	ZHANG Qiaowen	WANG Xinyu
Address	No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC	No. 6 Qinling Road, Laoshan District, Qingdao, Shandong Province, the PRC
Tel	+86 40066 96588 ext. 6	+86 40066 96588 ext. 6
Fax	+86 (532) 85783866	+86 (532) 85783866
Email	ir@qdbankchina.com	ir@qdbankchina.com

III. OTHER INFORMATION

(I) Contact information of the Bank

The Bank's registered address, office address and corresponding postal code, the Bank's website and email address remained unchanged during the Reporting Period. Please refer to 2025 annual report of the Bank for details.

(II) Information disclosure and place of inspection

The website of the stock exchange, names and websites of the media designated by the Bank for the disclosure of interim report, and the place of inspection for interim report of the Bank remain unchanged during the Reporting Period. Please refer to 2025 annual report of the Bank for details.

(III) Other relevant information

During the Reporting Period, there were no changes in the Bank's other relevant information.

IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

The financial data and indicators contained in this interim report are prepared in accordance with the IFRS Accounting Standards and relevant regulations. Unless otherwise specified, all amounts are disclosed on a consolidated basis in the financial statements of the Company.

Item	January to June 2026	January to June 2025	Year-on-year change
Business performance (RMB'000)			**Change (%)**
Net interest income	**6,164,186**	5,361,767	14.97
Net non-interest income	**2,189,621**	2,296,243	(4.64)
Operating income	**8,353,807**	7,658,010	9.09
Operating expenses	**(1,899,086)**	(1,816,002)	4.58
Expected credit losses	**(1,817,035)**	(2,232,351)	(18.60)
Profit before taxation	**4,637,209**	3,608,358	28.51
Net profit	**3,707,579**	3,152,102	17.62
Net profit attributable to shareholders of the Bank	**3,618,652**	3,064,683	18.08
Per share (RMB/share)			**Change (%)**
Basic earnings per share(1)	**0.62**	0.53	16.98
Diluted earnings per share(1)	**0.62**	0.53	16.98

Item	30 June 2026	31 December 2025	Change from the end of last year
Scale indicators (RMB'000)			**Change (%)**
Total assets[(2)]	**848,388,459**	814,960,084	4.10
Loans and advances to customers:			
Total loans to customers[(2)]	**427,716,157**	397,008,292	7.73
Add: Accrued interest	**826,667**	1,107,454	(25.35)
Less: Allowances for impairment losses of loans and advances to customers measured at amortised cost	**(11,804,403)**	(10,422,779)	13.26
Loans and advances to customers	**416,738,421**	387,692,967	7.49
Allowances for impairment losses of loans	**(12,691,047)**	(11,227,850)	13.03
Of which: Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income	**(886,644)**	(805,071)	10.13
Total liabilities[(2)]	**795,159,530**	764,705,628	3.98
Deposits from customers:			
Total deposits from customers[(2)]	**526,575,795**	502,899,144	4.71
Add: Accrued interest	**7,384,831**	9,222,311	(19.92)
Deposits from customers	**533,960,626**	512,121,455	4.26
Share capital	**5,820,355**	5,820,355	-
Equity attributable to equity shareholders of the Bank	**52,101,694**	49,167,148	5.97
Equity attributable to shareholders	**53,228,929**	50,254,456	5.92
Net capital base	**60,096,374**	62,591,418	(3.99)
Of which: Net core tier-one capital	**43,744,450**	40,580,540	7.80
Other tier-one capital	**8,459,125**	8,462,615	(0.04)
Tier-two capital	**7,892,799**	13,548,263	(41.74)
Total risk-weighted assets	**503,821,820**	468,015,731	7.65
Per share (RMB/share)			**Change (%)**
Net assets per share attributable to ordinary shareholders of the Bank[(3)]	**7.51**	7.00	7.29

Item	January to June 2026	January to June 2025	Year-on-year change
Profitability indicators (%)			**Change**
Return on average total assets(4) (annualized)	**0.89**	0.88	0.01
Weighted average return on net assets(1) (annualized)	**16.99**	15.75	1.24
Net interest spread(5) (annualized)	**1.66**	1.73	(0.07)
Net interest margin(6) (annualized)	**1.63**	1.72	(0.09)
Net fee and commission income to operating income	**12.82**	10.54	2.28
Cost-to-income ratio(7)	**21.62**	22.52	(0.90)

Item	30 June 2026	31 December 2025	Change from the end of last year
Asset quality indicators (%)			**Change**
Non-performing loan ratio	**0.95**	0.97	(0.02)
Provision coverage ratio	**312.23**	292.30	19.93
Loan provision ratio	**2.97**	2.83	0.14
Indicators of capital adequacy ratio (%)			**Change**
Core tier-one capital adequacy ratio(8)	**8.68**	8.67	0.01
Tier-one capital adequacy ratio(8)	**10.36**	10.48	(0.12)
Capital adequacy ratio(8)	**11.93**	13.37	(1.44)
Total equity to total assets ratio	**6.27**	6.17	0.10
Other indicators (%)			**Change**
Liquidity coverage ratio	**134.44**	213.25	(78.81)
Liquidity ratio	**93.32**	105.87	(12.55)

Notes:

1. Earnings per share and weighted average return on net assets were calculated in accordance with the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Computation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) (《公開發行證券的公司信息披露編報規則第9號－淨資產收益率和每股收益的計算及披露》(2010年修訂)). The Bank issued perpetual bonds from July to August 2022 and in October 2025 respectively, which were classified as other equity instruments. In calculating weighted average return on net assets, the effect of the perpetual bonds has been deducted from the "weighted average net assets".

2. For details of the structure of total assets, total liabilities, total loans to customers and total deposits from customers, please refer to "IV. ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF FINANCIAL POSITION under SECTION III MANAGEMENT DISCUSSION AND ANALYSIS" of this interim report.

3. Net assets per share attributable to ordinary shareholders of the Bank = (equity attributable to shareholders of the Bank – other equity instruments)/the number of ordinary shares as at the end of the period.

4. Return on average total assets = net profit/average balance of total assets at the beginning and at the end of the period.

5. Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities.

6. Net interest margin = net interest income/average balance of interest-earning assets.

7. Cost-to-income ratio = (operating expenses – tax and surcharges)/operating income.

8. The relevant indicators of capital adequacy ratio were calculated in accordance with the Regulation Governing Capital of Commercial Banks (《商業銀行資本管理辦法》) and other relevant regulatory provisions.

V. ACCOUNTING DATA DIFFERENCE UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

The net profit attributable to shareholders of the Bank for the Reporting Period and the equity attributable to shareholders of the Bank as at the end of the Reporting Period as disclosed in the financial statements of the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises are consistent with those prepared in accordance with the IFRS Accounting Standards.

VI. SUPPLEMENTARY INDICATORS

Name of indicators (%)	**30 June 2026**	31 December 2025	31 December 2024
Single largest customer loan ratio	**7.97**	5.75	4.73
Ten largest customers loan ratio	**43.14**	39.83	34.81

Migration rate indicators (%)	**30 June 2026**	31 December 2025	31 December 2024
Normal loan migration rate	**0.42**	0.87	0.93
Special mention loan migration rate	**21.22**	50.58	47.51
Substandard loan migration rate	**78.39**	74.28	62.37
Doubtful loan migration rate	**85.28**	73.39	54.58

Note: The migration rate indicators before and as of the end of 2025 were calculated in accordance with the requirements of the Notice of China Banking and Insurance Regulatory Commission on Revising the Definition and Calculation Formula of Basic Indicators of Off-site Supervision of Banking Industry (Yin Bao Jian Fa [2022] No.2). Due to the relatively significant deviation between the semi-annual indicators multiplied by the annualization coefficient and the actual situation, the migration rate indicators as of the end of the Reporting Period were not multiplied by the annualization coefficient. After multiplying the migration rate as of the end of the Reporting Period by the annualization coefficient: the normal loan migration rate would be 0.85%, the special mention loan migration rate would be 42.45%, the substandard loan migration rate would be 156.79%, and the doubtful loan migration rate would be 170.57%.

I. THE BANK'S PRINCIPAL BUSINESS DURING THE REPORTING PERIOD

The Bank, the predecessor of which was known as Qingdao City Cooperative Bank and Qingdao City Commercial Bank, was established in November 1996 and is headquartered in Qingdao, Shandong Province. The Bank is committed to pursuing a "high-quality development" path, building itself into a regional value-leading bank characterized by "ability-driven, organizational agility, simultaneous improvement in both quantity and quality, and healthy sustainability". In December 2015, the Bank's H shares were listed on the Hong Kong Stock Exchange; in January 2019, the Bank's A shares were listed on the SZSE.

The Bank mainly offers several services and products such as corporate and personal deposits, loans, settlement services to its customers, and its development is driven by three major business segments including retail banking, corporate banking and financial market business, which have formed a solid customer base and shaped a new financial business model of distinctive and high-quality development. The Bank's business is based in Qingdao with in-depth penetration in Shandong Province. As at the end of the Reporting Period, the Bank had established 17 branches in major cities of Shandong Province, including Jinan, Yantai, and Weihai, with a total of 208 branch offices, achieving a full coverage across all 16 cities in Shandong Province. The Bank has established a "one body with two wings" group-wide layout, with banks as the main body and BQD Financial Leasing and BQD Wealth Management as the two wings to expand comprehensive services. In February 2017, the Bank initiated the establishment of BQD Financial Leasing, which is 60% owned by the Bank. In September 2020, the Bank initiated the establishment of BQD Wealth Management, which is a wholly-owned subsidiary of the Bank. As at the end of the Reporting Period, the Company had more than 5,400 employees.

During the Reporting Period, the status of the Company's key operational indicators achievements is as follows:

(1) Total assets amounted to RMB848.388 billion, representing an increase of RMB33.428 billion or 4.10% as compared with that at the end of last year;

(2) Total loans to customers amounted to RMB427.716 billion, representing an increase of RMB30.708 billion or 7.73% as compared with that at the end of last year;

(3) Total deposits from customers amounted to RMB526.576 billion, representing an increase of RMB23.677 billion or 4.71% as compared with that at the end of last year;

(4) Operating income amounted to RMB8.354 billion, representing a year-on-year increase of RMB696 million or 9.09%; net profit amounted to RMB3.708 billion, representing a year-on-year increase of RMB555 million or 17.62%; net profit attributable to shareholders of the Bank amounted to RMB3.619 billion, representing a year-on-year increase of RMB554 million or 18.08%;

(5) Non-performing loan ratio was 0.95%, representing a decrease of 0.02 percentage point as compared with that at the end of last year; provision coverage ratio was 312.23%, representing an increase of 19.93 percentage points as compared with that at the end of last year; capital adequacy ratio was 11.93%, and core tier-one capital adequacy ratio was 8.68%, both of which met regulatory requirements;

(6) Return on average total assets (annualized) was 0.89%, representing a year-on-year increase of 0.01 percentage point;

(7) Basic earnings per share were RMB0.62, representing a year-on-year increase of RMB0.09 or 16.98%; weighted average return on net assets (annualized) was 16.99%, representing a year-on-year increase of 1.24 percentage points.

II. ANALYSIS OF THE CORE COMPETITIVENESS

Anchored by the development vision of "Innovative Finance, Brilliant Banking", the Bank is committed to becoming a regional value-leading bank characterized by "ability-driven, organizational agility, simultaneous improvement in both quantity and quality, and healthy sustainability", thereby continuously enhancing its market competitiveness. The Bank's core competitiveness is principally reflected in the following aspects:

1. **Party building empowers corporate governance, consolidating the foundation for sound and stable operations.** The Bank upholds the principle of Party leadership in driving high-quality development, promotes the full integration of Party leadership into the entire process of decision-making, execution and supervision, and strengthens the fundamentals of corporate governance. The Bank continuously optimizes its market-oriented operating mechanisms, enhances its governance system featuring a scientific shareholding structure with diversified checks and balances, and safeguards the Bank's sound and compliant operations through effective governance.

2. **Scientific strategic planning guides the way forward, laying a solid foundation for sustainable development.** Against the new landscape of economic development, the Bank has scientifically formulated and is steadily advancing its new three-year strategic plan for 2026–2028. Centred on five strategic themes, namely "enhancing capabilities, increasing agility, strengthening digital and intelligent capabilities, optimizing the customer base, and adjusting the business structure", the Bank systematically advances the development of various capabilities and the optimization of mechanisms, driving the high-quality development of its various business segments. The strategic execution system operates in an orderly manner with clearly defined implementation paths. The guiding effect of the strategy is continuously being realized, and the foundation for sustainable development is steadily being consolidated.

3. **By deepening its presence across the "Eight Major Tracks", the Bank continuously strengthens the brand of distinctive businesses.** Being headquartered in Qingdao with in depth penetration in Shandong Province, the Bank deeply integrates the "Five Major Aspects" of finance with regional industrial characteristics and carries out differentiated operations across "Eight Major Tracks", namely technology finance, green finance, blue finance, advanced manufacturing, public utilities, pension finance, inclusive finance, and rural revitalization. The Bank continuously strengthens the brand building of its distinctive businesses, having successively established special brands such as "BQD Green Finance", "Qing Chu Yu Lan", "BQD Technology-Growth Companionship", and "Happiness • Companionship". The Bank has also been awarded the "Five Star Diamond Brand" for ten consecutive years, reflecting its continuously growing brand influence.

4. **By leveraging the Group's multi-license advantages, the Bank drives sustained enhancement of its integrated operations.** The Bank possesses a relatively comprehensive range of financial business qualifications. It is the first local bank corporation in Shandong Province to receive approval for fund custody qualifications, the first to gain authorization for direct participation in the RMB Cross-Border Interbank Payment System (CIPS) and the first to obtain the lead underwriting qualification for debt financing instruments of non-financial enterprises. Leveraging its license advantages, the Bank continuously deepens business collaboration with its two subsidiaries, BQD Financial Leasing and BQD Wealth Management, in financial markets, custody, investment banking, financial management, financial leasing, etc. It continues to refine the "one body with two wings" group development layout, consistently enhances the synergistic effectiveness between the parent and its subsidiaries, and provides customers with one-stop integrated financial solutions backed by professional service capabilities, thereby achieving sustained enhancement of its integrated operations.

5. **By comprehensively enhancing its risk management and control capabilities, the Bank maintains sound and improving asset quality.** The Bank adheres to its compliance baseline, continuously refines its comprehensive risk management system, establishes a three-in-one risk monitoring mechanism, and coordinates the asset quality management and control of the Group. The Bank accelerates the development of credit-related AI capabilities to enhance the intelligence level of risk control. It maintains centralized and unified credit management, implements independent approval, optimizes approval mechanisms, deepens the exploration and optimization of industry research working mechanisms, and continuously strengthens the development of its approval team, thereby reinforcing the foundation of asset quality.

6. **By accelerating its digital and intelligent strategic layout, the Bank empowers business operations with enhanced quality and efficiency.** The Bank thoroughly implements its digital development strategy, continuously deepens the integration and innovation of technology and business, and focuses on four major business domains, namely digital intelligence marketing, digital intelligence risk control, digital intelligence operations, and digital intelligence office, with the breadth of scenario coverage continuing to expand. The Bank constantly optimizes three supporting systems, namely product system, user experience management, and online ecosystem, to overcome the challenges of integrating user experience and ecosystem collaboration. It focuses on building two core engines of "data + AI", strengthens the agile-and-stable dual-mode technology foundation, and balances security and stability with business agility and innovation.

III. ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF PROFIT OR LOSS

3.1 Financial Performance Summary

During the Reporting Period, the Company's net profit amounted to RMB3.708 billion, representing a year-on-year increase of RMB555 million or 17.62%; net profit attributable to equity shareholders of the Bank amounted to RMB3.619 billion, representing a year-on-year increase of RMB554 million or 18.08%. During the Reporting Period, the Company actively responded to operational challenges, such as the decline in return on assets, anchored the goal of high-quality development, remained rooted in the local market, and served the real economy. It expanded its business scale, optimized its asset structure, stabilized interest margin, increased income from intermediary business and reduced costs, and achieved steady growth in operating income, with a decrease in impairment expenses, which led to a rapid growth in profits, a continuous improvement in profitability, and robust operating results. The following table sets forth the changes in the Company's major profit items during the periods indicated.

Unit: RMB'000

Item	**January to June 2026**	January to June 2025	**Change in amount**	**Change (%)**
Net interest income	**6,164,186**	5,361,767	802,419	14.97
Net fee and commission income	**1,071,155**	807,464	263,691	32.66
Other net non-interest income	**1,118,466**	1,488,779	(370,313)	(24.87)
Operating expenses	**(1,899,086)**	(1,816,002)	(83,084)	4.58
Expected credit losses	**(1,817,035)**	(2,232,351)	415,316	(18.60)
Impairment losses on other assets	**(477)**	(1,299)	822	(63.28)
Profit before taxation	**4,637,209**	3,608,358	1,028,851	28.51
Income tax expense	**(929,630)**	(456,256)	(473,374)	103.75
Net profit	**3,707,579**	3,152,102	555,477	17.62
Of which: Net profit attributable to equity shareholders of the Bank	**3,618,652**	3,064,683	553,969	18.08
Net profit attributable to non-controlling interests	**88,927**	87,419	1,508	1.73

3.2 Operating Income

During the Reporting Period, the Company's operating income amounted to RMB8.354 billion, representing a year-on-year increase of RMB696 million or 9.09%. During the Reporting Period, the Company steadily expanded its business scale and continuously optimized its business structure. It consolidated the foundation for revenue growth by "stabilizing interest margins" and drove a second growth curve by "expanding intermediary income". Both net interest income and net fee and commission income achieved growth, driving steady growth in operating income. Among the operating income, net interest income accounted for 73.79%, representing a year-on-year increase of 3.77 percentage points; net fee and commission income accounted for 12.82%, representing a year-on-year increase of 2.28 percentage points. The following table sets forth the principal components of the Company's operating income and the changes during the periods indicated.

Unit: RMB'000

Item	January to June 2026 Amount	January to June 2026 Percentage (%)	January to June 2025 Amount	January to June 2025 Percentage (%)	Percentage changes (percentage point)
Net interest income	**6,164,186**	**73.79**	5,361,767	70.02	3.77
Interest income	**12,112,410**	**144.99**	11,349,804	148.21	(3.22)
Of which: Interest income from loans and advances to customers	**7,874,839**	**94.27**	7,413,706	96.81	(2.54)
Interest income from financial investments	**3,123,009**	**37.38**	2,842,505	37.12	0.26
Interest income from deposits with banks and other financial institutions	**52,958**	**0.63**	35,530	0.46	0.17
Interest income from placements with banks and other financial institutions	**211,463**	**2.53**	275,845	3.60	(1.07)
Interest income from financial assets held under resale agreements	**171,082**	**2.05**	92,465	1.21	0.84
Interest income from deposits with the central bank	**216,662**	**2.59**	185,436	2.42	0.17
Interest income from long-term receivables	**462,397**	**5.54**	504,317	6.59	(1.05)
Interest expense	**(5,948,224)**	**(71.20)**	(5,988,037)	(78.19)	6.99
Net non-interest income	**2,189,621**	**26.21**	2,296,243	29.98	(3.77)
Of which: Net fee and commission income	**1,071,155**	**12.82**	807,464	10.54	2.28
Other net non-interest income	**1,118,466**	**13.39**	1,488,779	19.44	(6.05)
Operating income	**8,353,807**	**100.00**	7,658,010	100.00	-

3.3 Net Interest Income

During the Reporting Period, the Company's net interest income amounted to RMB6.164 billion, representing a year-on-year increase of RMB802 million or 14.97%. This was mainly because the Company, centering on "stabilizing interest margins", continuously expanded the scale of interest-earning assets such as loans and financial investments, thereby driving interest income growth, while on the liability side, it achieved notable results in "optimizing structure" and "reducing costs", leading to a decline in interest expenses and contributing to the growth in net interest income. The following table sets forth the average balance, interest income/expense and average yield/cost rate of the Company's interest-earning assets and interest-bearing liabilities items for the periods indicated. The average balances of interest-earning assets and interest-bearing liabilities represent the daily average balances.

Unit: RMB'000

	January to June 2026			January to June 2025		
Item	**Average balance**	**Interest income/ expense**	**Average yield/ cost rate**	Average balance	Interest income/ expense	Average yield/ cost rate
Interest-earning assets						
Loans and advances to customers	**411,025,849**	**7,874,839**	**3.86%**	349,577,584	7,413,706	4.28%
Financial investments	**252,312,232**	**3,123,009**	**2.50%**	200,722,465	2,842,505	2.86%
Deposits and placements with banks and assets held under resale agreements[(1)]	**52,111,673**	**435,503**	**1.69%**	36,259,057	403,840	2.25%
Deposits with the central bank	**30,738,548**	**216,662**	**1.42%**	26,329,633	185,436	1.42%
Long-term receivables	**16,782,402**	**462,397**	**5.56%**	16,521,303	504,317	6.16%
Total	**762,970,704**	**12,112,410**	**3.20%**	629,410,042	11,349,804	3.64%
Interest-bearing liabilities						
Deposits from customers	**514,125,457**	**3,752,785**	**1.47%**	446,077,773	4,113,323	1.86%
Deposits and placements from banks and assets sold under repurchase agreements[(2)]	**91,433,480**	**689,854**	**1.52%**	50,150,624	467,811	1.88%
Debt securities issued	**117,614,034**	**1,081,842**	**1.85%**	101,337,051	1,088,602	2.17%
Borrowings from the central bank	**53,709,681**	**423,743**	**1.59%**	33,186,058	318,301	1.93%
Total	**776,882,652**	**5,948,224**	**1.54%**	630,751,506	5,988,037	1.91%
Net interest income	**/**	**6,164,186**	**/**	/	5,361,767	/
Net interest spread	**/**	**/**	**1.66%**	/	/	1.73%
Net interest margin	**/**	**/**	**1.63%**	/	/	1.72%

Notes:

1. Deposits and placements with banks and assets held under resale agreements include deposits with banks and other financial institutions, placements with banks and other financial institutions and financial assets held under resale agreements.

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

During the Reporting Period, the Company's average balance of interest-earning assets was RMB762.971 billion, representing a year-on-year increase of RMB133.561 billion or 21.22%; and net interest spread was 1.66%, representing a year-on-year decrease of 0.07 percentage point; net interest margin was 1.63%, representing a year-on-year decrease of 0.09 percentage point. Net interest spread and net interest margin for the first half of the year both remained stable compared with the first quarter, with net interest margin remaining steady. During the Reporting Period, on the asset side, the Company increased the proportion of high-yield assets, expanded loan deployment and investment scale, and strove to stabilize the level of asset returns. On the liability side, centering on the core objective of cost management and control, the Company optimized its liability structure and continued to reduce the cost ratio of liabilities.

The following table sets forth the breakdown of changes in the Company's interest income and interest expense due to volume and rate changes for the periods indicated. The volume changes were measured by changes in average balance; rate changes were measured by changes in average rate; changes in interest income and expense due to volume and rate changes were included in the amount of impact of changes in interest income and expense due to volume changes.

Unit: RMB'000

	January to June 2026 vs. January to June 2025		
Item	**Due to volume**	**Due to rate**	**Net increase (decrease)**
Interest-earning assets			
Loans and advances to customers	1,189,212	(728,079)	461,133
Financial investments	638,835	(358,331)	280,504
Deposits and placements with banks and assets held under resale agreements	132,354	(100,691)	31,663
Deposits with the central bank	31,226	-	31,226
Long-term receivables	7,237	(49,157)	(41,920)
Interest income changes	**1,998,864**	**(1,236,258)**	**762,606**
Interest-bearing liabilities			
Deposits from customers	502,164	(862,702)	(360,538)
Deposits and placements from banks and assets sold under repurchase agreements	311,572	(89,529)	222,043
Debt securities issued	154,047	(160,807)	(6,760)
Borrowings from the central bank	161,395	(55,953)	105,442
Interest expense changes	**1,129,178**	**(1,168,991)**	**(39,813)**
Net interest income changes	**869,686**	**(67,267)**	**802,419**

3.4 Interest Income

During the Reporting Period, the Company's interest income was RMB12.112 billion, representing a year-on-year increase of RMB763 million or 6.72%. The increase was mainly due to the Company's expansion of the deployment of interest-earning assets, such as loans and financial investments, which offset the impact of the downward return on assets and led to a steady increase in interest income. The interest income from loans and advances to customers and from financial investments constituted the major components of the interest income of the Company.

Interest income from loans and advances to customers

During the Reporting Period, the Company's interest income from loans and advances to customers amounted to RMB7.875 billion, representing a year-on-year increase of RMB461 million or 6.22%. This was mainly attributable to the Company's implementation of credit policy guidance, under which it focused on extending high-quality loans to segmented industries and sectors and continuously expanded its loan scale. The average loan balance increased by RMB61.448 billion or 17.58% year-on-year. Meanwhile, the Company continuously enhanced its scientific pricing capabilities and strengthened pricing compliance management to actively respond to the influence of declining loan market interest rates, thereby achieving steady growth in interest income from loans. The following table sets forth the average balance, interest income and average yield of each component of the Company's loans and advances to customers for the periods indicated.

Unit: RMB'000

	January to June 2026			January to June 2025		
Item	**Average balance**	**Interest income**	**Average yield**	Average balance	Interest income	Average yield
Corporate loans	**317,075,753**	**6,311,426**	**4.01%**	256,744,775	5,651,856	4.44%
Personal loans	**69,070,504**	**1,302,745**	**3.80%**	72,885,489	1,487,699	4.12%
Discounted bills	**24,879,592**	**260,668**	**2.11%**	19,947,320	274,151	2.77%
Total	**411,025,849**	**7,874,839**	**3.86%**	349,577,584	7,413,706	4.28%

Interest income from financial investments

During the Reporting Period, the Company's interest income from financial investments amounted to RMB3.123 billion, representing a year-on-year increase of RMB281 million or 9.87%. This was mainly attributable to the Company's increased efforts in financial investments and optimized investment allocation strategy. The average balance of financial investments increased, which offset the impact of the overall decline in bond market interest rates and achieved growth in interest income from financial investments.

Interest income from deposits and placements with banks and assets held under resale agreements

During the Reporting Period, the Company's interest income from deposits and placements with banks and assets held under resale agreements amounted to RMB436 million, representing a year-on-year increase of RMB32 million or 7.84%. The increase was mainly attributable to the Company's coordinated asset allocation in light of interbank market conditions, and the increase of average balance of deposits and placements with banks and assets held under resale agreements, which offset the impact of declining interest rates in the interbank market, thereby realizing corresponding interest income growth.

3.5 Interest Expense

During the Reporting Period, the Company's interest expense amounted to RMB5.948 billion, representing a year-on-year decrease of RMB40 million or 0.66%. This was mainly attributable to the Company's optimization of its liability structure and reduction of liability costs while continuously expanding its liability scale. The average cost rate of interest-bearing liabilities was 1.54%, representing a year-on-year decrease of 0.37 percentage point, leading to a decrease in interest expense. Interest expenses on deposits from customers and debt securities issued are major components of the interest expense of the Company. During the Reporting Period, both of the aforementioned expenses recorded decreases.

Interest expense on deposits from customers

During the Reporting Period, the Company's interest expense on deposits from customers was RMB3.753 billion, representing a year-on-year decrease of RMB361 million or 8.77%. The decrease was mainly due to the fact that the average cost ratio of deposits was 1.47%, representing a year-on-year decrease of 0.39 percentage point, which offset the impact of the expansion of deposit scale and led to a decrease in deposit interest expense. During the Reporting Period, the Company adhered to market-based interest rate reductions, taking concerted action on both pricing and structure. It proactively optimized the maturity structure of deposits, and the cost rates of demand deposits, time deposits, corporate deposits and personal deposits all declined year on year. The following table sets forth the average balance, interest expense and average cost ratio of each component of the Company's deposits from customers for the periods indicated.

Unit: RMB'000

	January to June 2026			January to June 2025		
Item	**Average balance**	**Interest expense**	**Average cost ratio**	Average balance	Interest expense	Average cost ratio
Corporate deposits						
Demand	**93,814,318**	**190,770**	**0.41%**	83,868,535	260,043	0.63%
Time	**159,955,204**	**1,335,672**	**1.68%**	134,269,924	1,365,297	2.05%
Sub-total	**253,769,522**	**1,526,442**	**1.21%**	218,138,459	1,625,340	1.50%
Personal deposits						
Demand	**31,814,868**	**8,000**	**0.05%**	29,917,631	10,874	0.07%
Time	**228,541,067**	**2,218,343**	**1.96%**	198,021,683	2,477,109	2.52%
Sub-total	**260,355,935**	**2,226,343**	**1.72%**	227,939,314	2,487,983	2.20%
Total	**514,125,457**	**3,752,785**	**1.47%**	446,077,773	4,113,323	1.86%

Interest expense on deposits and placements from banks and assets sold under repurchase agreements

During the Reporting Period, the Company's interest expense on deposits and placements from banks and assets sold under repurchase agreements amounted to RMB690 million, representing a year-on-year increase of RMB222 million, or 47.46%. The increase was primarily attributable to the Company's efforts to optimize its interbank liability structure, strengthen proactive liability management, and actively expand low-cost interbank deposits and financial assets sold under repurchase agreements, which led to a corresponding increase in interest expenses.

Interest expense on debt securities issued

During the Reporting Period, the Company's interest expense on debt securities issued amounted to RMB1.082 billion, representing a year-on-year decrease of RMB7 million or 0.62%. The decrease was mainly due to the fact that the Company seized the opportunity presented by the downward trend in bond market interest rates to optimize its interbank certificate of deposit issuance strategy and redeemed RMB6.0 billion of tier-2 capital bonds. The cost rate of debt securities issued declined, enabling the Company to record lower-interest expenses despite an increase in the average balance of debt securities issued.

Interest expense arising from borrowings from the central bank

During the Reporting Period, the Company's interest expense arising from borrowings from the central bank amounted to RMB424 million, representing a year-on-year increase of RMB105 million or 33.13%. The increase was primarily because the Company actively applied for and utilized monetary policy support instruments, expanded low-cost financing channels through various means. The average balances of medium-term lending facilities and relending both increased, resulting in corresponding growth in interest expenses.

3.6 Net Non-interest Income

During the Reporting Period, the Company's net non-interest income was RMB2.190 billion, representing a year-on-year decrease of RMB107 million or 4.64%. The following table sets forth the main components of the Company's net non-interest income for the periods indicated.

Unit: RMB'000

Item	**January to June 2026**	January to June 2025
Fee and commission income	**1,262,713**	1,038,183
Less: Fee and commission expense	**(191,558)**	(230,719)
Net fee and commission income	**1,071,155**	807,464
Other net non-interest income	**1,118,466**	1,488,779
Net non-interest income	**2,189,621**	2,296,243

3.7 Net Fee and Commission Income

During the Reporting Period, the Company's net fee and commission income amounted to RMB1,071 million, representing a year-on-year increase of RMB264 million or 32.66%. The increase was mainly attributable to the increase in service fees from the Company's transaction banking, commission and agency, and wealth management businesses. During the Reporting Period, the Company continued to deepen its capital-light transformation, leveraging its multi-license and qualification advantages to vigorously develop capital-light businesses such as wealth management, transaction banking, and bond underwriting. The following table sets forth the main components of the Company's net fee and commission income for the periods indicated.

Unit: RMB'000

Item	**January to June 2026**	January to June 2025
Fee and commission income	**1,262,713**	1,038,183
Of which: Wealth management service fees	**438,019**	387,664
Commission and agency service fees	**335,506**	270,014
Custody and bank card service fees	**109,767**	123,506
Settlement fees	**180,673**	121,870
Others	**198,748**	135,129
Less: Fee and commission expense	**(191,558)**	(230,719)
Net fee and commission income	**1,071,155**	807,464

During the Reporting Period, wealth management service fees income amounted to RMB438 million, representing a year-on-year increase of RMB50 million or 12.99%. The increase was primarily attributable to the continuous optimization of the fixed-income product portfolio structure by the Company's subsidiary, BQD Wealth Management, which flexibly adjusted its duration and credit allocation, leading to a gradual increase in product net value and higher accumulated excess returns. The commission and agency service fees amounted to RMB336 million, representing a year-on-year increase of RMB65 million or 24.26%, which was mainly attributable to the increase in fee income from bond underwriting and agency insurance services. The custody and bank card service fees amounted to RMB110 million, representing a year-on-year decrease of RMB14 million or 11.12%. The decrease was mainly due to the decrease in credit card service fees. The settlement fees amounted to RMB181 million, representing a year-on-year increase of RMB59 million or 48.25%, which was mainly due to the increase in settlement-type transaction banking income. Others amounted to RMB199 million, representing a year-on-year increase of RMB64 million or 47.08%, which was mainly due to the increase in service fees from letters of guarantees. Meanwhile, fee and commission expense amounted to RMB192 million, representing a year-on-year decrease of RMB39 million or 16.97%, which was mainly due to a decrease in wealth management agency sales fee expenses.

3.8 Other Net Non-interest Income

During the Reporting Period, the Company's other net non-interest income amounted to RMB1.118 billion, representing a year-on-year decrease of RMB370 million or 24.87%. Net gain arising from investment constituted the key component of other net non-interest income, which reached RMB844 million during the current period, representing a year-on-year decrease of RMB558 million or 39.81%. The decrease was mainly attributable to the derecognition of financial assets measured at amortised cost and a decrease in gains on disposal of financial assets measured at fair value through other comprehensive income. Net trading gains/(losses) amounted to RMB258 million, representing a year-on-year increase of RMB198 million, mainly attributable to an increase in net gains/(losses) on debt securities held for trading. The following table sets forth the main components of the Company's other net non-interest income during the periods indicated.

Unit: RMB'000

Item	January to June 2026	January to June 2025
Net trading gains/(losses)	**258,134**	60,179
Net gains arising from investments	**844,075**	1,402,289
Other net operating income	**16,257**	26,311
Total	**1,118,466**	1,488,779

3.9 Operating Expenses

During the Reporting Period, the Company's operating expenses amounted to RMB1.899 billion, representing a year-on-year increase of RMB83 million or 4.58%. The increase was mainly attributable to the Company's continuous efforts to explore cost-saving opportunities and build a refined and professional expense management system while developing its business and increasing its headcount. The efficiency of expense resource utilization was effectively enhanced, and overall expenses recorded a slight increase while remaining generally stable. The following table sets forth the main components of the Company's operating expenses for the periods indicated.

Unit: RMB'000

Item	January to June 2026	January to June 2025
Staff costs	**1,030,139**	956,201
Property and equipment expenses	**416,445**	418,862
Tax and surcharges	**92,777**	91,559
Other general and administrative expenses	**359,725**	349,380
Operating expenses	**1,899,086**	1,816,002

3.10 Expected Credit Losses

During the Reporting Period, the Company's expected credit losses amounted to RMB1.817 billion, representing a year-on-year decrease of RMB415 million or 18.60%. Expected credit losses from loans and advances to customers constituted the largest component of the expected credit losses. During the Reporting Period, expected credit losses from loans and advances to customers amounted to RMB1.977 billion, representing a year-on-year increase of RMB371 million or 23.08%. The increase was mainly attributable to the moderate increase in impairment provisions made by the Company based on its prudent assessment of risks in key industries and sectors, while its loan scale continued to grow. Impairment losses on financial investments amounted to RMB-250 million, representing a year-on-year decrease of RMB747 million. This was mainly because the Company strengthened its post-investment management, proactively reduced the scale of risk exposures, and intensified the disposal of non-performing assets, leading to a decline in the credit risk level of its financial investments. The following table sets forth the main components of the Company's expected credit losses for the periods indicated.

Unit: RMB'000

Item	**January to June 2026**	January to June 2025
Loans and advances to customers	**1,976,798**	1,606,134
Financial investments measured at amortised cost	**(158,411)**	(37,559)
Financial investments measured at fair value through other comprehensive income	**(91,507)**	534,591
Long-term receivables	**13,712**	23,342
Deposits with banks and other financial institutions	**(6,798)**	10,695
Placements with banks and other financial institutions	**3,592**	18,614
Financial assets held under resale agreements	**(11,731)**	22,423
Credit commitments	**70,638**	60,578
Others	**20,742**	(6,467)
Expected credit losses	**1,817,035**	2,232,351

IV. ANALYSIS OF MAJOR ITEMS OF THE STATEMENT OF FINANCIAL POSITION

4.1 Assets

As at the end of the Reporting Period, the Company's total assets amounted to RMB848.388 billion, representing an increase of RMB33.428 billion or 4.10% as compared with that at the end of last year. During the Reporting Period, the Company managed its major asset allocation effectively, continued to increase loan deployment and financial investments, and controlled the scale of interbank assets and deposits with the central bank. The asset scale grew steadily and the asset structure was further optimized. The following table sets forth the components of the Company's total assets as of the dates indicated.

Unit: RMB'000

	30 June 2026		31 December 2025		Compared with the end of last year		31 December 2024	
Item	Amount	% of total	Amount	% of total	Change in amount (%)	Change in % of total	Amount	% of total
Loans and advances to customers	**416,738,421**	**49.12**	387,692,967	47.57	7.49	1.55	332,554,291	48.20
Financial investments[1]	**342,181,097**	**40.33**	309,499,675	37.98	10.56	2.35	255,655,096	37.05
Deposits and placements with banks and assets held under resale agreements[2]	**29,093,148**	**3.43**	46,183,608	5.67	(37.01)	(2.24)	25,836,065	3.74
Cash and deposits with the central bank	**33,559,427**	**3.96**	42,979,933	5.27	(21.92)	(1.31)	49,153,266	7.12
Long-term receivables	**15,239,157**	**1.80**	17,461,304	2.14	(12.73)	(0.34)	15,516,540	2.25
Property and equipment	**3,310,177**	**0.39**	3,331,500	0.41	(0.64)	(0.02)	3,437,254	0.50
Deferred tax assets	**4,452,521**	**0.52**	4,372,950	0.54	1.82	(0.02)	3,553,816	0.52
Other[3]	**3,814,511**	**0.45**	3,438,147	0.42	10.95	0.03	4,256,705	0.62
Total assets	**848,388,459**	**100.00**	814,960,084	100.00	4.10	-	689,963,033	100.00

Notes:

1. Financial investments include: financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income, and financial investments measured at amortised cost.

2. Deposits and placements with banks and assets held under resale agreements include: deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements.

3. Others include: derivative financial assets, right-of-use assets and other assets.

4.1.1 Loans and Advances to Customers

As at the end of the Reporting Period, the Company's loans and advances to customers amounted to RMB416.738 billion, representing an increase of RMB29.045 billion or 7.49% as compared with that at the end of last year, accounting for 49.12% of the total assets, up by 1.55 percentage points as compared with that at the end of last year. Total loans to customers (excluding accrued interest and allowances for impairment losses, the same below) amounted to RMB427.716 billion, representing an increase of RMB30.708 billion or 7.73% as compared with that at the end of last year, and accounting for 50.42% of the total assets, up by 1.70 percentage points as compared with that at the end of last year. During the Reporting Period, the Company focused on the "Eight Major Tracks" and strengthened credit deployment in key areas, leading to steady growth in both the scale and proportion of loans. The following table sets forth the components of the loans and advances to customers of the Company by product type as of the dates indicated.

Unit: RMB'000

	30 June 2026		31 December 2025		**Compared with the end of last year**		31 December 2024	
Item	**Amount**	**% of total**	Amount	% of total	**Change in amount (%)**	**Change in % of total**	Amount	% of total
Corporate loans	**329,427,633**	**77.02**	296,655,906	74.72	11.05	2.30	242,178,866	71.08
Personal loans	**72,049,228**	**16.85**	74,000,736	18.64	(2.64)	(1.79)	78,336,127	22.99
Discounted bills	**26,239,296**	**6.13**	26,351,650	6.64	(0.43)	(0.51)	20,174,732	5.93
Total loans to customers	**427,716,157**	**100.00**	397,008,292	100.00	7.73	-	340,689,725	100.00
Add: Accrued interest	**826,667**	**/**	1,107,454	/	(25.35)	/	873,146	/
Less: Allowances for impairment losses of loans and advances to customers measured at amortised cost	**(11,804,403)**	**/**	(10,422,779)	/	13.26	/	(9,008,580)	/
Loans and advances to customers	**416,738,421**	**/**	387,692,967	/	7.49	/	332,554,291	/

Corporate loans

As at the end of the Reporting Period, the Company's corporate loans amounted to RMB329.428 billion, representing an increase of RMB32.772 billion or 11.05% as compared with that at the end of last year, and accounting for 77.02% of the total loans to customers, representing an increase of 2.30 percentage points as compared with that at the end of last year. During the Reporting Period, the Company deeply explored the financing needs of the real economy and seized favourable policies to continuously increase credit deployment in areas such as green, blue, rural revitalization, private enterprises, and advanced manufacturing industries, thereby achieving relatively rapid growth in the corporate loans.

Personal loans

As at the end of the Reporting Period, the Company's personal loans amounted to RMB72.049 billion, representing a decrease of RMB1.952 billion or 2.64% as compared with that at the end of last year, and accounting for 16.85% of the total loans to customers, representing a decrease of 1.79 percentage points as compared with that at the end of last year. During the Reporting Period, the Company promoted steady growth in personal business loans, while prudently controlling the deployment of residential mortgages and consumption loans, resulting in a slight decline in the scale of personal loans.

Discounted bills

As at the end of the Reporting Period, the Company's discounted bills amounted to RMB26.239 billion, representing a decrease of RMB112 million or a slight decline of 0.43% as compared with that at the end of last year, and accounting for 6.13% of the total loans to customers, down by 0.51 percentage point as compared with that at the end of last year. During the Reporting Period, the Company coordinated its credit deployment in light of market bill interest rate trends, flexibly adjusted the overall scale of bills, and tilted the corresponding credit resources towards loans with relatively higher yields.

4.1.2 Financial Investments

As at the end of the Reporting Period, the Company's carrying value of financial investments amounted to RMB342.181 billion, representing an increase of RMB32.681 billion or 10.56% as compared with that at the end of last year. The following table sets forth the components of the Company's financial investment portfolios as of the dates indicated.

Unit: RMB'000

	30 June 2026		31 December 2025	
Item	**Amount**	**% of total**	Amount	% of total
Financial investments measured at fair value through profit or loss	**83,936,771**	**24.53**	74,688,589	24.13
Financial investments measured at fair value through other comprehensive income	**105,365,734**	**30.79**	97,786,595	31.60
Financial investments measured at amortised cost	**152,878,592**	**44.68**	137,024,491	44.27
Financial investments	**342,181,097**	**100.00**	309,499,675	100.00

Financial investments measured at fair value through profit or loss

As at the end of the Reporting Period, the Company's carrying value of financial investments measured at fair value through profit or loss amounted to RMB83.937 billion, representing an increase of RMB9.248 billion or 12.38% as compared with that at the end of last year, mainly attributable to the Company's strengthened market research and judgement and increased allocation to trading-oriented assets, which led to an increase in investments in interbank certificates of deposit. The following table sets forth the components of the Company's financial investments measured at fair value through profit or loss as of the dates indicated.

Unit: RMB'000

Item	**30 June 2026**	31 December 2025
Debt securities issued by governments and the central bank	**42,188**	43,022
Debt securities issued by policy banks	**928,844**	251,589
Debt securities issued by banks and other financial institutions	**35,129,123**	23,188,582
Debt securities issued by corporate entities	**3,914,287**	1,543,456
Investment funds	**43,488,810**	49,125,042
Asset management plans	**186,172**	286,067
Wealth management product investment	**247,347**	250,831
Financial investments measured at fair value through profit or loss	**83,936,771**	74,688,589

Financial investments measured at fair value through other comprehensive income

As at the end of the Reporting Period, the Company's carrying value of financial investments measured at fair value through other comprehensive income amounted to RMB105.366 billion, representing an increase of RMB7.579 billion or 7.75% as compared with that at the end of last year. The increase was mainly attributable to the Company's increased investments in financial bonds and interbank certificates of deposit, while taking into account both the stability and flexibility of its asset allocation. The following table sets forth the components of the Company's financial investments measured at fair value through other comprehensive income as of the dates indicated.

Unit: RMB'000

Item	**30 June 2026**	31 December 2025
Debt securities issued by governments and the central bank	**17,481,432**	17,578,543
Debt securities issued by policy banks	**7,813,744**	8,382,152
Debt securities issued by banks and other financial institutions	**39,845,919**	32,020,581
Debt securities issued by corporate entities	**39,130,656**	38,181,781
Other equity investments	**148,069**	139,176
Add: Accrued interest	**945,914**	1,484,362
Financial investments measured at fair value through other comprehensive income	**105,365,734**	97,786,595

Financial investments measured at amortised cost

As at the end of the Reporting Period, the Company's carrying value of financial investments measured at amortised cost amounted to RMB152.879 billion, representing an increase of RMB15.854 billion or 11.57% as compared with that at the end of last year. This was mainly because the Company, guided by its long-term prudent asset allocation strategy, increased its investments in financial bonds and corporate credit bonds. The following table sets forth the components of the Company's financial investments measured at amortised cost as of the dates indicated.

Unit: RMB'000

Item	**30 June 2026**	31 December 2025
Debt securities issued by governments and the central bank	**43,936,600**	38,400,893
Debt securities issued by policy banks	**17,324,349**	20,039,890
Debt securities issued by banks and other financial institutions	**50,485,226**	43,891,030
Debt securities issued by corporate entities	**42,184,664**	35,568,376
Asset management plans	**647,217**	696,080
Trust fund plans	**994,000**	1,546,797
Other investments	**499,358**	721,500
Total financial investments measured at amortised cost	**156,071,414**	140,864,566
Add: Accrued interest	**1,408,182**	1,472,137
Less: Allowances for impairment losses	**(4,601,004)**	(5,312,212)
Financial investments measured at amortised cost	**152,878,592**	137,024,491

4.1.3 *Deposits and Placements with Banks and Assets Held under Resale Agreements*

As at the end of the Reporting Period, the Company's deposits and placements with banks and assets held under resale agreements amounted to RMB29.093 billion, representing a decrease of RMB17.090 billion or 37.01% as compared with that at the end of last year. During the Reporting Period, the Company proactively controlled various interbank assets with relatively low yields in order to enhance the efficiency of fund utilization.

4.2 Liabilities

As at the end of the Reporting Period, the Company's total liabilities amounted to RMB795.160 billion, representing an increase of RMB30.454 billion or 3.98% as compared with that at the end of last year. During the Reporting Period, the Company continuously enhanced the quality of its liabilities, optimized its liability structure, and diversified its sources of low-cost funding. While absorbing deposits continued to grow, borrowings from the central bank and deposits from banks achieved relatively rapid growth. The following table sets forth the components of the Company's total liabilities as of the dates indicated.

Unit: RMB'000

	30 June 2026		31 December 2025		**Compared with the end of last year**		31 December 2024	
Item	**Amount**	**% of total**	Amount	% of total	**Change in amount (%)**	**Change in % of total**	Amount	% of total
Deposits from customers	**533,960,626**	**67.15**	512,121,455	66.97	4.26	0.18	443,425,535	68.74
Deposits and placements from banks and assets sold under repurchase agreements[1]	**88,120,524**	**11.08**	74,757,495	9.78	17.88	1.30	68,696,132	10.65
Debt securities issued	**106,680,269**	**13.42**	121,902,730	15.94	(12.49)	(2.52)	98,752,059	15.31
Borrowings from the central bank	**58,159,052**	**7.31**	48,579,376	6.35	19.72	0.96	28,240,081	4.38
Others[2]	**8,239,059**	**1.04**	7,344,572	0.96	12.18	0.08	5,949,397	0.92
Total liabilities	**795,159,530**	**100.00**	764,705,628	100.00	3.98	-	645,063,204	100.00

Notes:

1. Deposits and placements from banks and financial assets sold under repurchase agreements include: deposits from banks and other financial institutions, placements from banks and other financial institutions and financial assets sold under repurchase agreements.

2. Others include: financial liabilities measured at fair value through profit or loss, derivative financial liabilities, income tax payable, lease liabilities and other liabilities.

4.2.1 *Deposits from Customers*

As at the end of the Reporting Period, the Company's deposits from customers amounted to RMB533.961 billion, representing an increase of RMB21.839 billion or 4.26% as compared with that at the end of last year, and accounting for 67.15% of the total liabilities, up by 0.18 percentage point as compared with that at the end of last year; total deposits from customers (excluding accrued interest, the same below) amounted to RMB526.576 billion, representing an increase of RMB23.677 billion or 4.71% as compared with that at the end of last year, and accounting for 66.22% of the total liabilities, up by 0.46 percentage point as compared with that at the end of last year. During the Reporting Period, the Company strengthened coordinated marketing of product portfolios and enhanced fund retention by focusing on daily settlement. The balance of corporate deposits was RMB256.115 billion, representing an increase of RMB5.597 billion or 2.23% as compared with that at the end of last year. The Company actively capitalized on market opportunities arising from the concentrated maturity of deposits, optimized its maturity retention mechanism, and intensified marketing efforts for new funds. The balance of personal deposits was RMB270.310 billion, representing an increase of RMB18.079 billion or 7.17% as compared with that at the end of last year. The following table sets forth the components of the Company's deposits from customers by product type and customer type as of the dates indicated.

Unit: RMB'000

	30 June 2026		31 December 2025		**Change from the end of last year**		31 December 2024	
Item	**Amount**	**% of total**	Amount	% of total	**Change in amount (%)**	**Change in % of total**	Amount	% of total
Corporate deposits	**256,115,093**	**48.64**	250,517,687	49.81	2.23	(1.17)	212,153,468	49.11
Demand deposits	**94,570,441**	**17.96**	94,623,911	18.82	(0.06)	(0.86)	83,069,565	19.23
Time deposits	**161,544,652**	**30.68**	155,893,776	30.99	3.62	(0.31)	129,083,903	29.88
Personal deposits	**270,309,973**	**51.33**	252,230,554	50.16	7.17	1.17	219,797,572	50.88
Demand deposits	**33,080,897**	**6.28**	31,590,628	6.28	4.72	-	33,121,069	7.67
Time deposits	**237,229,076**	**45.05**	220,639,926	43.88	7.52	1.17	186,676,503	43.21
Other deposits	**150,729**	**0.03**	150,903	0.03	(0.12)	-	72,966	0.01
Total customer deposits	**526,575,795**	**100.00**	502,899,144	100.00	4.71	-	432,024,006	100.00
Add: Accrued interest	**7,384,831**	**/**	9,222,311	/	(19.92)	/	11,401,529	/
Deposits from customers	**533,960,626**	**/**	512,121,455	/	4.26	/	443,425,535	/

As at the end of the Reporting Period, personal deposits accounted for 51.33% of the total customer deposits, representing an increase of 1.17 percentage points as compared with that at the end of last year; corporate deposits accounted for 48.64% of total customer deposits, representing a decrease of 1.17 percentage points as compared with that at the end of last year.

4.2.2 *Deposits and Placements from Banks and Assets Sold under Repurchase Agreements*

As at the end of the Reporting Period, the Company's deposits and placements from banks and assets sold under repurchase agreements amounted to RMB88.121 billion, representing an increase of RMB13.363 billion or 17.88% as compared with that at the end of last year. This was mainly because the Company strengthened its coordinated management of interbank liabilities and, based on its own fund allocation needs, expanded the scale of low-cost interbank demand deposits.

4.2.3 *Borrowings from the Central Bank*

As at the end of the Reporting Period, the Company's borrowings from the central bank amounted to RMB58.159 billion, representing an increase of RMB9.580 billion or 19.72% as compared with that at the end of last year. This was mainly because the Company made effective use of monetary policy support instruments and proactively applied for relending quotas, resulting in an increase in relending to support the development of micro and small enterprises and medium-term lending facilities.

4.2.4 *Debt Securities Issued*

As at the end of the Reporting Period, the Company's debt securities issued amounted to RMB106.680 billion, representing a decrease of RMB15.222 billion or 12.49% as compared with that at the end of last year. This was mainly attributable to the Company's strengthened coordinated management of interbank liabilities, which involved the redemption of RMB6 billion of tier-2 capital bonds and, alongside an increase in interbank deposits, moderate control over the scale of interbank certificates of deposit. For details of the debt securities, please refer to "33 DEBT SECURITIES ISSUED under Notes to the unaudited interim consolidated financial statements" of this interim report.

4.3 Equity Attributable to Shareholders

As at the end of the Reporting Period, the Company's equity attributable to shareholders amounted to RMB53.229 billion, representing an increase of RMB2.974 billion or 5.92% as compared with that at the end of last year; equity attributable to equity shareholders of the Bank amounted to RMB52.102 billion, representing an increase of RMB2.935 billion or 5.97% as compared with that at the end of last year, mainly due to the increase in retained earnings. During the Reporting Period, the Company distributed RMB1.048 billion dividends to ordinary shareholders. The following table sets forth the components of the Company's equity attributable to shareholders as of the dates indicated.

Unit: RMB'000

Item	30 June 2026	31 December 2025
Share capital	**5,820,355**	5,820,355
Other equity instruments		
Of which: Perpetual bonds	**8,395,783**	8,395,783
Capital reserve	**10,686,506**	10,686,506
Other comprehensive income	**2,291,746**	1,928,188
Surplus reserve	**3,603,377**	3,603,377
General reserve	**10,256,969**	10,256,969
Retained earnings	**11,046,958**	8,475,970
Total equity attributable to equity shareholders of the Bank	**52,101,694**	49,167,148
Non-controlling interests	**1,127,235**	1,087,308
Total equity	**53,228,929**	50,254,456

V. ANALYSIS OF THE CASH FLOW STATEMENT

As at the end of the Reporting Period, the net cash flows generated from operating activities amounted to RMB18.474 billion, representing a year-on-year increase of RMB18.531 billion. This was mainly attributable to an increase of RMB35.036 billion in net cash flows generated from interbank transactions, which was partially offset by a decrease of RMB16.750 billion in net cash flows generated from deposits, loans and financial assets held for trading purposes. Among them, net cash flows generated from operating assets increased by RMB17.194 billion and net cash flows generated from operating liabilities increased by RMB1.154 billion.

The net cash flows generated from investing activities amounted to RMB-16.828 billion, representing a year-on-year decrease of RMB4.160 billion, mainly due to a decrease of RMB8.893 billion in cash received from disposal and redemption of investments, which was partially offset by a decrease of RMB5.103 billion in payments for acquisition of investments.

The net cash flows generated from financing activities amounted to RMB-17.467 billion, representing a year-on-year decrease of RMB21.285 billion, mainly due to an increase of RMB17.877 billion in cash paid for repayments of borrowings and a decrease of RMB3.406 billion in cash received from debt securities issued.

VI. SEGMENT ANALYSIS

The following segment operating performance is presented by business segment. The Company's main businesses include corporate banking, retail banking and financial market business and others. The following table shows a summary of the operating performance of each business segment of the Company during the periods presented.

Unit: RMB'000

Item	January to June 2026 Segment operating income	January to June 2026 Ratio (%)	January to June 2025 Segment operating income	January to June 2025 Ratio (%)
Corporate banking business	**4,335,587**	**51.90**	3,620,134	47.27
Retail banking business	**2,028,112**	**24.28**	1,670,137	21.81
Financial market business	**1,654,770**	**19.81**	2,012,464	26.28
Unallocated items and others	**335,338**	**4.01**	355,275	4.64
Total	**8,353,807**	**100.00**	7,658,010	100.00

Unit: RMB'000

Item	January to June 2026 Segment profit before taxation	January to June 2026 Ratio (%)	January to June 2025 Segment profit before taxation	January to June 2025 Ratio (%)
Corporate banking business	**1,946,604**	**41.98**	1,668,096	46.23
Retail banking business	**744,246**	**16.05**	521,448	14.45
Financial market business	**1,646,834**	**35.51**	1,117,571	30.97
Unallocated items and others	**299,525**	**6.46**	301,243	8.35
Total	**4,637,209**	**100.00**	3,608,358	100.00

VII. ANALYSIS OF ASSETS AND LIABILITIES

7.1 Major Overseas Assets

Not applicable.

7.2 Assets and Liabilities Measured at Fair Value

Unit: RMB'000

Major item	31 December 2025	Profit or loss from change in fair value during the current period	Cumulative changes in fair value recognised in equity	Impairment provided during the current period	**30 June 2026**
Derivative financial assets	507,591	(135,357)	N/A	N/A	**372,234**
Loans and advances to customers measured at fair value through other comprehensive income	33,918,775	N/A	5,183	81,573	**38,738,010**
Financial investments measured at fair value through profit or loss	74,688,589	5,251	N/A	N/A	**83,936,771**
Financial investments measured at fair value through other comprehensive income	97,786,595	N/A	1,800,786	(91,507)	**105,365,734**
Sub-total of assets	206,901,550	(130,106)	1,805,969	(9,934)	**228,412,749**
Financial liabilities measured at fair value through profit or loss	(1,849,403)	(4,663)	N/A	N/A	**(2,280,123)**
Derivative financial liabilities	(10,460)	(483,502)	N/A	N/A	**(493,962)**
Sub-total of liabilities	(1,859,863)	(488,165)	N/A	N/A	**(2,774,085)**

7.3 Restricted Asset Rights as of the End of the Reporting Period

Please refer to "45(6) Pledged assets under Notes to the unaudited interim consolidated financial statements" of this interim report.

VIII. ANALYSIS OF QUALITY OF LOANS

During the Reporting Period, the Company continued to strengthen the management and control over the quality of credit assets. While the credit assets grew steadily, the quality of credit assets continued to improve steadily. As at the end of the Reporting Period, the total loans of the Company (excluding accrued interest and allowances for impairment losses) were RMB427.716 billion; the total non-performing loans amounted to RMB4.065 billion; and the non-performing loan ratio was 0.95%. For the purpose of discussion and analysis, unless otherwise specified, the amount of loans presented in the analysis below excludes accrued interest.

8.1 Distribution of Loans by Five Categories

Unit: RMB'000

	30 June 2026		31 December 2025	
Item	**Amount**	**% of total**	Amount	% of total
Normal loans	**421,251,938**	**98.49**	390,947,258	98.47
Special mention loans	**2,399,626**	**0.56**	2,219,763	0.56
Substandard loans	**921,751**	**0.22**	1,117,821	0.28
Doubtful loans	**434,335**	**0.10**	482,305	0.12
Loss loans	**2,708,507**	**0.63**	2,241,145	0.57
Total loans to customers	**427,716,157**	**100.00**	397,008,292	100.00
Total non-performing loans	**4,064,593**	**0.95**	3,841,271	0.97

Under the five-category classification system for loans, the non-performing loans of the Company included the substandard, doubtful and loss loans. As at the end of the Reporting Period, the proportion of non-performing loans decreased by 0.02 percentage point as compared with that at the end of last year to 0.95%, where substandard loans decreased by 0.06 percentage point to 0.22%, doubtful loans decreased by 0.02 percentage point to 0.10% and loss loans increased by 0.06 percentage point to 0.63% as compared with that at the end of last year.

8.2 Distribution of Loans by Product Type

Unit: RMB'000

Item	30 June 2026 Amount of loans	30 June 2026 % of total	31 December 2025 Amount of loans	31 December 2025 % of total
Corporate loans	**355,666,929**	**83.15**	323,007,556	81.36
Working capital loans	**230,489,417**	**53.89**	206,776,896	52.08
Fixed asset loans	**83,568,040**	**19.54**	80,209,041	20.20
Import and export bills transactions	**2,871,462**	**0.67**	2,102,844	0.53
Discounted bills	**26,239,296**	**6.13**	26,351,650	6.64
Forfeiting	**12,498,714**	**2.92**	7,567,125	1.91
Retail loans	**72,049,228**	**16.85**	74,000,736	18.64
Personal residential mortgages	**44,359,373**	**10.38**	45,490,360	11.46
Personal consumption loans	**13,731,061**	**3.21**	16,234,367	4.09
Personal business loans	**13,958,794**	**3.26**	12,276,009	3.09
Total loans to customers	**427,716,157**	**100.00**	397,008,292	100.00

8.3 Distribution of Loans by Industry

Unit: RMB'000

	30 June 2026				31 December 2025			
Item	Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %	Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %
Corporate loans	**355,666,929**	**83.15**	**1,620,656**	**0.46**	323,007,556	81.36	1,933,646	0.60
Wholesale and retail trade	**78,336,890**	**18.32**	**595,241**	**0.76**	68,912,474	17.36	990,343	1.44
Leasing and business services	**58,174,868**	**13.60**	**72**	**0.00**	47,195,220	11.89	3,088	0.01
Manufacturing	**54,401,126**	**12.72**	**427,654**	**0.79**	49,601,536	12.49	387,768	0.78
Construction	**39,454,893**	**9.22**	**114,558**	**0.29**	42,568,524	10.72	80,585	0.19
Water, environment and public utility management	**31,205,915**	**7.30**	**8,000**	**0.03**	29,165,760	7.35	8,000	0.03
Real estate	**22,230,856**	**5.20**	**355,331**	**1.60**	23,685,466	5.97	381,611	1.61
Production and supply of electric and heating power, gas and water	**21,325,319**	**4.99**	**–**	**–**	16,181,409	4.08	–	–
Transportation, storage and postal services	**13,366,834**	**3.13**	**7,095**	**0.05**	12,926,150	3.26	5,598	0.04
Financial services	**11,266,728**	**2.63**	**–**	**–**	9,956,444	2.51	–	–
Scientific research and technological services	**7,301,403**	**1.71**	**39,575**	**0.54**	6,344,307	1.60	6,282	0.10
Others	**18,602,097**	**4.33**	**73,130**	**0.39**	16,470,266	4.13	70,371	0.43
Retail loans	**72,049,228**	**16.85**	**2,443,937**	**3.39**	74,000,736	18.64	1,907,625	2.58
Total loans to customers	**427,716,157**	**100.00**	**4,064,593**	**0.95**	397,008,292	100.00	3,841,271	0.97

8.4 Distribution of Loans by Region

Unit: RMB'000

Region	30 June 2026 Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %	31 December 2025 Amount of loans	% of total	Amount of non-performing loans	Non-performing loan ratio %
Shandong Province	**427,716,157**	**100.00**	**4,064,593**	**0.95**	397,008,292	100.00	3,841,271	0.97
Of which: Qingdao City	**201,755,292**	**47.17**	**3,016,856**	**1.50**	192,443,427	48.47	2,944,334	1.53

8.5 Distribution of Loans by Type of Collateral

Unit: RMB'000

Item	30 June 2026 Amount of loans	% of total	31 December 2025 Amount of loans	% of total
Unsecured loans	**114,704,776**	**26.82**	98,077,862	24.70
Guaranteed loans	**96,363,542**	**22.53**	89,380,827	22.52
Loans secured by mortgages	**127,266,345**	**29.75**	127,734,432	32.17
Pledge loans	**89,381,494**	**20.90**	81,815,171	20.61
Total loans to customers	**427,716,157**	**100.00**	397,008,292	100.00

8.6 Loans to the Top Ten Single Borrowers

Unit: RMB'000

Top ten borrowers	Industry	Amount of loans as at the end of the Reporting Period	Percentage in total loans %
A	Leasing and business services	4,788,500	1.12
B	Leasing and business services	2,813,237	0.66
C	Leasing and business services	2,802,100	0.66
D	Manufacturing	2,700,017	0.63
E	Manufacturing	2,435,086	0.57
F	Manufacturing	2,294,928	0.54
G	Leasing and business services	2,132,000	0.50
H	Leasing and business services	1,997,000	0.47
I	Leasing and business services	1,986,175	0.46
J	Leasing and business services	1,975,000	0.45
Total		25,924,043	6.06

8.7 Distribution of Loans by Overdue Period

Unit: RMB'000

	30 June 2026		31 December 2025	
Overdue period	**Amount of loans**	**% of total**	Amount of loans	% of total
Not yet overdue	**422,731,441**	**98.83**	392,258,528	98.80
Overdue for 3 months (inclusive) or less	**1,245,620**	**0.29**	1,192,051	0.30
Overdue for over 3 months to 1 year (inclusive)	**1,764,561**	**0.42**	1,719,695	0.44
Overdue for over 1 year to 3 years (inclusive)	**1,660,592**	**0.39**	1,474,955	0.37
Overdue for over 3 years	**313,943**	**0.07**	363,063	0.09
Total loans to customers	**427,716,157**	**100.00**	397,008,292	100.00

The Company had adopted a prudential classification standard as to overdue loans, according to which loans overdue for more than 60 days were classified as non-performing loans.

8.8 Repossessed Assets and Allowances for Impairment

As at the end of the Reporting Period, the Company had total repossessed assets of RMB26.5001 million, allowances for impairment of RMB6.4748 million, and the net repossessed assets were RMB20.0253 million.

8.9 Changes in Allowances for Impairment Losses of Loans

The Company has performed loan impairment accounting and recognised loss allowance based on expected credit losses. If the credit risk of loan is low as at the end of the Reporting Period or has not increased significantly since initial recognition, the Company measures its loss allowance based on expected credit losses for the future 12 months. In other situations, the Company measures its loss allowance based on lifetime expected credit losses.

The Company re-measures expected credit losses at the end of the Reporting Period. In addition, the Company regularly reviews a number of key parameters and assumptions involved in the process of determining impairment provision based on the expected credit loss model, including probability of default, loss rate of default and other parameter estimations, as well as forward-looking adjustment and other adjustment factors. The changes in the Company's allowances for impairment losses of loans are detailed in the following table:

Unit: RMB'000

Item	January to June 2026	2025
Balance at the beginning of the period/year	**11,227,850**	9,347,203
Charge for the period/year	**1,976,798**	2,882,692
Write-offs for the period/year	**(629,828)**	(1,482,091)
Transfer out for the period/year	**–**	–
Recovery of write-offs for the period/year	**131,601**	437,070
Other changes	**(15,374)**	42,976
Balance at the end of the period/year	**12,691,047**	11,227,850

The Company maintained a stable and prudent provision policy. As at the end of the Reporting Period, the Company's allowances for impairment losses of loans (including discounted bills) amounted to RMB12.691 billion, representing an increase of RMB1.463 billion or 13.03% as compared with that at the end of last year. The provision coverage ratio reached 312.23%, representing an increase of 19.93 percentage points as compared with that at the end of last year; the provision rate of loans stood at 2.97%, representing an increase of 0.14 percentage point as compared with that at the end of last year, both satisfying regulatory requirements.

8.10 Countermeasures Taken against Non-performing Assets

During the Reporting Period, the Bank continued to intensify its efforts in the disposal and mitigation of non-performing assets. Firstly, the Bank simultaneously advanced the resolution of large corporate non-performing assets and the revitalization of existing assets. For large non-performing assets of over RMB50 million, the Bank leveraged a three-tier linkage mechanism involving its head office, branches and sub-branches, integrated external professional resources, and accelerated the judicial litigation disposition process. It deepened cooperation with licensed asset management companies and conducted market-based debt transfers on a regular basis, effectively revitalizing existing non-performing assets and enhancing overall disposal efficiency. Secondly, the Bank continuously improved its specialized non-performing asset disposal system, enriched the methods for the recovery of personal non-performing loans, intensified the recovery and disposal of non-performing assets, and steadily consolidated asset quality.

8.11 Rescheduled Loans

Unit: RMB'000

	30 June 2026		31 December 2025	
Item	**Amount of loans**	**% of total**	Amount of loans	% of total
Rescheduled loans	**705,949**	**0.17**	175,407	0.04
Total loans and advances to customers	**427,716,157**	**100.00**	397,008,292	100.00

The Company exercised strict and prudent management over rescheduled loans. As at the end of the Reporting Period, the proportion of rescheduled loans of the Company was 0.17%, which increased 0.13 percentage point as compared with that at the end of last year.

IX. ANALYSIS OF CAPITAL ADEQUACY RATIO AND LEVERAGE RATIO

The Company remained committed to optimizing its business layout, improved the capital management mechanisms, strove to improve capital returns, and set capital adequacy ratio management targets on a scientific basis. Through the integrated alignment of capital allocation and performance appraisal, the Company guided sound business development and promoted efficient synergy among its overall strategy, business operations, and capital management.

In terms of internal capital management, the Company continuously refined its capital management framework and improved refined capital management. The Company strengthened the coordinated allocation of economic capital, balanced business growth with the intensive use of capital, and guided the Bank as a whole to embrace the concept of capital conservation. Performance assessment fully reflected capital consumption and return contribution. The Company continuously improved its risk-adjusted return assessment, encouraging all business units to prioritize the development of high-return businesses and enhance the efficiency of risk-weighted asset utilization. Meanwhile, the Company established a dynamic balancing mechanism between capital and risk assets to ensure that the capital adequacy ratio remained robust and consistently met regulatory requirements.

9.1 Capital Adequacy Ratio

The capital adequacy ratio of the Company and the Bank is calculated in accordance with the "Regulation Governing Capital of Commercial Banks" and other relevant regulatory provisions. The credit risk-weighted assets are calculated with different risk weights while considering the effects of qualified pledge and guarantee. Market risk-weighted assets and the operational risk-weighted assets are calculated with the standard approach. During the Reporting Period, the Company's capital adequacy indicators complied with the regulatory requirements.

As at the end of the Reporting Period, the Company's capital adequacy ratio was 11.93%, representing a decrease of 1.44 percentage points as compared with that at the end of last year; and the core tier-one capital adequacy ratio stood at 8.68%, representing an increase of 0.01 percentage point as compared with that at the end of last year. During the Reporting Period, the Company stuck to the development orientation of light-capital transformation, strengthened its capability of refined management for capital and further enhanced the endogenous capital replenishment by an increase of retained profits, which led to a slight increase in the core tier-one capital adequacy ratio from the end of last year. Due to the redemption of RMB6 billion of tier-two capital bonds, the capital adequacy ratio declined from the end of last year, yet the capital adequacy ratios at all levels remained in compliance with regulatory requirements.

Relevant information on the Company's capital adequacy ratio as at the dates indicated is listed in the following table.

Unit: RMB'000

The Company	30 June 2026	31 December 2025
Total core tier-one capital	**44,180,975**	41,272,602
Of which: Share capital	**5,820,355**	5,820,355
Eligible portion of capital reserve	**10,686,506**	10,686,506
Accumulated other comprehensive income	**2,291,746**	1,928,188
Surplus reserve	**3,603,377**	3,603,377
General reserve	**10,256,969**	10,256,969
Retained earnings	**11,046,958**	8,475,970
Eligible portion of non-controlling interests	**475,064**	501,237
Core tier-one capital deductions	**(436,525)**	(692,062)
Net core tier-one capital	**43,744,450**	40,580,540
Other tier-one capital	**8,459,125**	8,462,615
Net tier-one capital	**52,203,575**	49,043,155
Tier-two capital	**7,892,799**	13,548,263
Total net capital	**60,096,374**	62,591,418
Total risk-weighted assets	**503,821,820**	468,015,731
Of which: Credit risk-weighted assets	**467,055,359**	438,582,614
Market risk-weighted assets	**13,487,469**	6,154,125
Operational risk-weighted assets	**23,278,992**	23,278,992
Core tier-one capital adequacy ratio (%)	**8.68**	8.67
Tier-one capital adequacy ratio (%)	**10.36**	10.48
Capital adequacy ratio (%)	**11.93**	13.37

As at the end of the Reporting Period, the capital adequacy ratio at the parent company level of the Bank was 11.34%, down by 1.53 percentage points from the end of last year; the core tier-one capital adequacy ratio was 8.06%, remaining flat compared with the end of last year.

Relevant information on the Bank's capital adequacy ratio as at the dates indicated is listed in the following table.

Unit: RMB'000

The Bank	**30 June 2026**	31 December 2025
Total core tier-one capital	**41,784,827**	39,062,096
Of which: Share capital	**5,820,355**	5,820,355
Eligible portion of capital reserve	**10,687,049**	10,687,049
Accumulated other comprehensive income	**2,291,746**	1,928,188
Surplus reserve	**3,603,377**	3,603,377
General reserve	**9,598,150**	9,598,150
Retained earnings	**9,784,150**	7,424,977
Core tier-one capital deductions	**(2,643,473)**	(2,886,436)
Net core tier-one capital	**39,141,354**	36,175,660
Other tier-one capital	**8,395,783**	8,395,783
Net tier-one capital	**47,537,137**	44,571,443
Tier-two capital	**7,576,090**	13,210,127
Total net capital	**55,113,227**	57,781,570
Total risk-weighted assets	**485,838,727**	448,862,373
Of which: Credit risk-weighted assets	**451,663,322**	422,020,312
Market risk-weighted assets	**13,487,469**	6,154,125
Operational risk-weighted assets	**20,687,936**	20,687,936
Core tier-one capital adequacy ratio (%)	**8.06**	8.06
Tier-one capital adequacy ratio (%)	**9.78**	9.93
Capital adequacy ratio (%)	**11.34**	12.87

9.2 Leverage Ratio

According to the provisions of "Regulation Governing Capital of Commercial Banks", a minimum leverage ratio of 4% is required. As of 30 June 2026, the leverage ratio calculated pursuant to the "Regulation Governing Capital of Commercial Banks" by the Company was 5.62%, higher than that stipulated in regulatory requirement, up by 0.13 percentage point from the end of last year, which was mainly due to the increase in net tier-one capital.

Relevant information on the Company's leverage ratio as at the dates indicated is listed in the following table.

Unit: RMB'000

Item	**30 June 2026**	31 March 2026	31 December 2025	30 September 2025
Leverage ratio (%)	**5.62**	5.60	5.49	5.44
Net tier-one capital	**52,203,575**	50,923,689	49,043,155	45,928,123
The balance of assets on- and off-balance sheet after adjustments	**929,061,066**	909,840,828	892,865,491	843,596,030

According to the "Regulation Governing Capital of Commercial Banks", the third pillar information disclosures concerning risk management, key prudential supervision indicators, risk-weighted asset overview, capital composition, leverage ratio of the Company will be further disclosed in the "Investor Relations" on the website of the Bank (http://www.qdccb.com/).

X. INVESTMENT ANALYSIS

10.1 Overview

Unit: RMB'000

Investees	**30 June 2026**	**31 December 2025**	**Percentage of equity in investees (%)**	**Cash dividend for the current period**
China UnionPay Co., Ltd.	137,819	128,926	0.34	-
Shandong City Commercial Banks Alliance Co., Ltd.	10,000	10,000	1.14	-
Service Centre for City Commercial Banks	250	250	0.81	-
Total	**148,069**	**139,176**	**N/A**	**-**

Notes:

1. The above investments were included under financial investments measured at fair value through other comprehensive income in the statement of financial position.

2. The original name of Service Centre for City Commercial Banks was Clearing Center for City Commercial Banks.

As at the end of the Reporting Period, for details of other information concerning the Company's investments, please refer to "4.1.2 Financial Investments" and "XIII. ANALYSIS OF MAIN SHARES HOLDING COMPANIES AND JOINT STOCK COMPANIES" under "SECTION III MANAGEMENT DISCUSSION AND ANALYSIS" of this interim report.

10.2 Significant Equity Investments Acquired during the Reporting Period

During the Reporting Period, the Company did not acquire any significant equity investment.

10.3 Significant Ongoing Non-equity Investments during the Reporting Period

During the Reporting Period, the Company did not have any significant non-equity investment in progress.

10.4 Investments in Securities

Set out below are the breakdown of the Company's investment in securities as at the end of the Reporting Period:

Unit: RMB'000

Type of security	Investment amount in securities	% of total investment in securities
Debt securities issued by governments and the central bank	61,460,053	20.61
Debt securities issued by policy banks	26,060,580	8.74
Debt securities issued by banks and other financial institutions	125,418,311	42.06
Debt securities issued by corporate entities	85,215,908	28.59
Total	**298,154,852**	**100.00**

Set out below are the top ten investments in securities held by the Company which are considered significant in terms of amount as at the end of the Reporting Period:

Unit: RMB'000

Name of security	Nominal value	Interest rates (%)	Maturity date	Impairment allowances
Debt securities issued by policy banks in 2024	5,510,000	2.64	2031-01	3,032.17
Debt securities issued by policy banks in 2025	5,300,000	1.47	2028-02	2,806.57
Treasury bonds with interest payable issued in 2020	5,170,000	3.39	2050-03	1,348.44
Debt securities issued by policy banks in 2023	4,790,000	2.52	2028-05	2,542.61
Debt securities issued by policy banks in 2025	4,620,000	1.57	2035-01	2,446.98
Debt securities issued by policy banks in 2026	3,160,834	1.92	2036-03	1,649.56
Debt securities issued by policy banks in 2023	3,090,000	2.87	2028-02	1,657.27
Debt securities issued by policy banks in 2025	2,938,741	1.65	2035-06	1,491.26
Debt securities issued by policy banks in 2016	2,740,000	3.18	2026-09	1,483.87
Debt securities issued by policy banks in 2024	2,520,000	2.26	2034-07	1,392.89

10.5 Derivative Investments

Unit: RMB'000

Item	**30 June 2026**			31 December 2025		
	Nominal amount	**Fair value of assets**	**Fair value of liabilities**	Nominal amount	Fair value of assets	Fair value of liabilities
Interest rate derivatives	**113,688,110**	**92,938**	**(97,449)**	64,131,580	6,592	(8,037)
Exchange rate derivatives and others	**18,486,697**	**279,296**	**(396,513)**	11,259,983	500,999	(2,423)
Total	**132,174,807**	**372,234**	**(493,962)**	75,391,563	507,591	(10,460)

Notes:

1. Within the risk appetite and its own derivatives market risk framework determined by the Board, the Company followed the requirements for limits and actively conducted various derivatives transactions. As at the end of the Reporting Period, the derivative financial instruments held by the Company included interest rate swaps and others.

2. During the Reporting Period, the Company's accounting policies and specific accounting principles for derivatives had no significant changes compared with the previous reporting period.

10.6 Use of Proceeds Raised

1. General Use of Proceeds Raised

During the Reporting Period, the Bank did not raise any additional proceeds.

2. Commitment of Use of Proceeds Raised

N/A.

3. Change of Use of Proceeds Raised

During the Reporting Period, the Bank did not have any change of use of proceeds raised.

XI. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

During the Reporting Period, the Company had no material disposal of assets and equity interest.

XII. OTHER FINANCIAL INFORMATION

12.1 Analysis of Off-balance Sheet Items

Off-balance-sheet items of the Company's statement of financial position include credit commitments and capital commitments. Credit commitments are the most important component. As at the end of the Reporting Period, the balance of credit commitments amounted to RMB111.366 billion. For details, please refer to "45 COMMITMENTS AND CONTINGENCIES under Notes to the unaudited interim consolidated financial statements" of this interim report.

12.2 Overdue and Outstanding Debts

As at the end of the Reporting Period, the Company had no overdue or outstanding debts.

12.3 Pledge of Assets

As at the end of the Reporting Period, the Company pledged part of its assets as collaterals under repurchase agreements and collaterals for borrowings from the central bank. For details, please refer to "45(6) Pledged assets under Notes to the unaudited interim consolidated financial statements" of this interim report.

12.4 Major Statement Items and Financial Indicators with a Change Rate of Over 30% and Its Main Reasons

Unit: RMB'000

Item	**January to June 2026**	January to June 2025	**Change (%)**	**Main reason**
Net fee and commission income	**1,071,155**	807,464	32.66	Increase in service fees from the Company's transaction banking, commission and agency, and wealth management businesses
Net trading gains/(losses)	**258,134**	60,179	328.94	Increase in net gains/(losses) on debt securities held for trading
Net gains arising from investments	**844,075**	1,402,289	(39.81)	Derecognition of financial assets measured at amortised cost and a decrease in gains on disposal of financial assets measured at fair value through other comprehensive income
Other operating income	**16,257**	26,311	(38.21)	Decrease in incentive funds under the inclusive micro- and small-enterprise loan support instrument was partially offset by an increase in gains on disposal of fixed assets and other assets
Impairment losses on other assets	**(477)**	(1,299)	(63.28)	Decrease in impairment losses on repossessed assets
Income tax expense	**(929,630)**	(456,256)	103.75	Increase in total profit and decrease in non-taxable income
Other comprehensive income, net of tax	**363,558**	12,257	2,866.13	Increase in changes in fair value of financial assets measured at fair value through other comprehensive income

Unit: RMB'000

Item	30 June 2026	31 December 2025	Change (%)	Main reason
Deposits with banks and other financial institutions	**4,597,014**	9,953,265	(53.81)	Decrease in deposits with banks for settlement
Financial assets held under resale agreements	**8,585,902**	17,975,490	(52.24)	Decrease in scale of debt securities purchased under resale agreements
Deposits from banks and other financial institutions	**52,944,331**	29,028,245	82.39	Increase in interbank demand deposits
Derivative financial liabilities	**493,962**	10,460	4,622.39	Increase in currency and other derivatives financial liabilities
Financial assets sold under repurchase agreements	**15,147,274**	23,090,548	(34.40)	Decrease in the scale of debt securities sold under repurchase agreements
Retained earnings	**11,046,958**	8,475,970	30.33	Increase in retained earnings

12.5 Changes in Interest Receivables

As at the end of the Reporting Period, the Company's interest receivables reached RMB35 million, representing an increase of RMB7 million or 23.71% from the end of the last year, mainly attributable to the increase in interest receivable of long-term receivables. The following table sets forth the changes in various items of interest receivables of the Company during the period indicated.

Unit: RMB'000

Item	31 December 2025	Increase during the period	Recovery during the period	30 June 2026
Loans and advances to customers	23,877	1,467,924	(1,468,011)	**23,790**
Long-term receivables	4,499	24,955	(18,140)	**11,314**
Total	28,376	1,492,879	(1,486,151)	**35,104**

Note: In accordance with the requirement of the "Format of the Financial Statements of Financial Enterprises for 2018" released by the Ministry of Finance of the People's Republic of China, the "interest receivables" item shall only reflect the interest that has been due and can be collected but has not been received as of the end of the Reporting Period. Since the amount is relatively small, it should be included in the item of "other assets". The Company has made impairment allowances for interest receivables, and implemented bad debt write-off procedures and policies.

12.6 Allowances for Bad Debts

As at the end of the Reporting Period, the Company's allowances for bad debts were RMB171 million, representing an increase of RMB25 million over the end of the last year. Among them, the bad debt allowances for other receivables were RMB159 million, representing an increase of RMB23 million from the end of the last year; the bad debt allowances for interest receivables were RMB12 million, representing an increase of RMB2 million from the end of the last year. All of these were commensurate with the risk profile. The following table sets forth the Company's interest receivables, other receivables and their allowances for bad debts as of the dates indicated.

Unit: RMB'000

Item	30 June 2026	31 December 2025	Change
Interest receivables	**35,104**	28,376	6,728
Less: Bad debt allowances for interest receivables	**(11,694)**	(9,736)	(1,958)
Book value of interest receivables	**23,410**	18,640	4,770
Other receivables	**251,746**	237,234	14,512
Less: Bad debt allowances for other receivables	**(159,441)**	(136,345)	(23,096)
Book value of other receivables	**92,305**	100,889	(8,584)

XIII. ANALYSIS OF MAIN SHARES HOLDING COMPANIES AND JOINT STOCK COMPANIES

13.1 Major Subsidiaries and Investees Accounting for Over 10% of the Net Profit of the Company

Unit: RMB in 100 million

Name of company	Type of company	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
BQD Financial Leasing	Subsidiary	Finance leasing business; transferring in and out assets under a finance lease; borrowing with a maturity of three months or more from non-bank shareholders; interbank lending and borrowing; borrowing from financial institutions; issuing non-capital bonds; acceptance of leasing margin; disposal of and dealing with leased articles; fixed income investment business; provision of financial leasing-related consultation service and other businesses approved by the National Financial Regulatory Administration.	12.25	163.45	28.18	3.31	2.97	2.22
BQD Wealth Management	Wholly-owned subsidiary	Public offering of wealth management products to the general public, investment and management of properties entrusted by investors; private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors; advisory and consulting services on asset and wealth management and other businesses approved by the National Financial Regulatory Administration.	10.00	22.92	21.46	2.72	2.12	1.57

13.2 Acquisition and Disposal of Subsidiaries during the Reporting Period

During the Reporting Period, there was no acquisition and disposal of subsidiaries of the Bank.

13.3 Particulars of Major Companies Controlled or Invested in by the Company

13.3.1 BQD Financial Leasing

BQD Financial Leasing was established on 15 February 2017, with a registered capital of RMB1.225 billion. It was registered in Qingdao, and was initiated and established by the Bank. The Bank holds 60% of the share capital of BQD Financial Leasing. As the only approved financial leasing company in Qingdao, BQD Financial Leasing continues to focus on its main responsibility of serving the real economy, advancing the main business of “fund financing + assets financing” and driving steady transformation centered on the guiding ideology of “strengthening foundation, improving capabilities, building images, and seeking development”, so as to comprehensively promote the implementation of the Group and the Company’s strategic plans. Adhering to the concept of “being headquartered in Qingdao with in-depth penetration in Shandong Province to radiate nationwide”, BQD Financial Leasing fully leverages its operational advantages and characteristics, providing customers with professional and comprehensive financial leasing services, and actively creating a value-leading financial leasing company with the characteristics of “quality and efficiency priority, outstanding features and synergy and complementarity”.

BQD Financial Leasing continuously improved its business operation system and enhanced the quality and efficiency of its business development. Firstly, it optimized its business layout to boost development momentum. BQD Financial Leasing adhered to the two-pronged strategy of “deepening its presence in intra-provincial markets while making breakthroughs in out-of-provincial markets”, deepened the development of the bank-lease synergy mechanism, optimized its regional layout and business management system, and enhanced its capabilities in market expansion and business transformation. Secondly, it remained committed to staying focused on the fundamental purpose of financial leasing. Guided by the principle of serving the real economy and national strategic directions, BQD Financial Leasing continued to optimize its business structure and accelerated the deployment of direct finance leasing and other businesses with a focus on supporting the development in areas such as equipment upgrading, advanced manufacturing and green and low-carbon initiatives. Thirdly, it built a solid risk control line to ensure sound operations. In the face of external environmental and industry risk challenges, BQD Financial Leasing maintained its strategic focus by improving its whole-process risk management and control system covering the “pre-lease, lease and post-lease” stages, strictly controlling customer admission, and strengthening risk warning as well as differentiated and refined post-lease management. On this basis, its risk resilience capability remained stable, and key indicators such as provision coverage ratio and capital adequacy ratio continued to meet regulatory requirements, thereby building a solid safety barrier for the long-term development of its business.

BQD Financial Leasing deepened its refined operations and enhanced the quality and efficiency of its business performance. During the Reporting Period, BQD Financial Leasing continuously optimized its liability management, thereby steadily strengthening its earnings resilience. Through refined cost management and control, BQD Financial Leasing achieved a net profit of RMB222 million, representing a year-on-year increase of 1.37%. Its cost-to-income ratio improved to 9.59%, down by 0.74 percentage point year on year, and its weighted average return on total assets rose to 2.37%, up by 0.05 percentage point year on year.

13.3.2 BQD Wealth Management

BQD Wealth Management was established on 16 September 2020, with a registered capital of RMB1.0 billion. It was registered in Qingdao, and was wholly initiated and established by the Bank. BQD Wealth Management is the first wealth management subsidiary of a city commercial bank approved in Northern China and the sixth within the whole country. It is mainly engaged in the public offering of wealth management products to the general public, private placement of wealth management products to qualified investors, investment and management of properties entrusted by investors, and provision of wealth management advisory and consulting services. With "high-quality, stable and prudent management" as its core, BQD Wealth Management deeply focuses on high-quality development. Through deep concentration on the provincial market, it gradually radiates to the whole country, creates a distinctive product line, expands the allocation of large categories of assets, continues to promote the construction of a comprehensive risk management system and creates a data-centered system architecture to build a professional and excellent wealth management company that is "capability-driven, agile in organization, and advances in quantity and quality", striving to become a leading professional wealth management platform in China and trusted by customers.

BQD Wealth Management enriched and improved its wealth management product spectrum and promoted the precise supply of wealth management services. During the Reporting Period, building on its stable and low-volatility product series, BQD Wealth Management actively seized market opportunities and continuously expanded its lineup of products with options, establishing a comprehensive product system with options, encompassing "Fixed Income with Minor Options" (固收微含權), "Fixed Income Enhancement" (固收增強), "Fixed Income + Multi-Asset" (固收 + 多資產), "Quantitative Multi-Asset Strategy" (量化多資產策略), "Hybrid" and "Equity" categories. During the Reporting Period, BQD Wealth Management's fixed income products with options gained widespread recognition from investors for their outstanding performance. As at the end of the Reporting Period, the outstanding balance of the "Fixed Income with Minor Options" product series grew by 150.56% compared with the end of last year, and that of the "Fixed Income Enhancement" product series rose by 105.07% compared with the end of last year. During the Reporting Period, BQD Wealth Management issued 251 wealth management products, raising aggregate funds of RMB257.440 billion, representing a year-on-year increase of 5.02%. The number of customers served by BQD Wealth Management continued to grow. As at the end of the Reporting Period, the total number of customers served reached 3.4620 million, representing an increase of 5.05% compared with the end of last year. External off-bank distribution channels increased to 114.

During the Reporting Period, leveraging its sound operational fundamentals and outstanding innovation capabilities, BQD Wealth Management won three major awards, namely "Excellent Innovative Wealth Management Company", "Wealth Management Company of the Year for Social Responsibility", and "Wealth Management Company with Excellent Channel Expansion Capability" at the "2026 Asset Management and Wealth Management Industry Development Conference and the Sixth 'Golden Honor Award' Ceremony for 2026" hosted by Puyi standard. A number of products or product series under BQD Wealth Management, including the "Achievement Series RMB Wealth Management Plan 2025, Issue 151 (Fixed Income Enhancement)", the "Achievement Series RMB Wealth Management Plan (Low-Volatility Sharing) 2024, Issue 248" and the Achievement Series "Fixed Income +" products, won multiple awards such as the Golden Toad Award organized by Lianhe Zhiping (聯合智評) and the Golden Pixiu Award co-hosted by Yiqu Financial Media and Financial Management Magazine.

XIV. OVERVIEW OF BUSINESS DEVELOPMENT

The year 2026 marks the opening year of the "15th Five-Year Plan" and the foundational year for the launch of the Bank's new three-year strategic plan. The Bank thoroughly implemented the decisions and plans of the Central Committee of the Communist Party of China, the State Council, and provincial and municipal authorities, anchored itself to the goal of high-quality development, coordinated its development layout, and optimized resource allocation. Centred on the "Five Major Aspects" of finance, the Bank deployed its business in the "Eight Major Tracks", namely technology finance, green finance, blue finance, advanced manufacturing, public utilities, pension finance, inclusive finance, and rural revitalization, thereby forging a path of steady development characterized by differentiation, specialization, and refinement.

14.1 Five Major Aspects

Technology finance

Steadily advancing the implementation of the technology finance strategy. Firstly, the Bank innovated credit approval scenarios for technology finance. It conducted research on the "data asset pledge-based credit" business scenario and successfully launched its first "quasi-credit" credit business based on data assets. Secondly, the Bank continued to expand cooperation channels and built a technology service ecosystem. It connected with the management committee of the Qingdao Science and Technology Innovation Corridor to hold special promotional events and launched the "BQD Technology Finance Connect" (青銀科融通) dedicated service solution. Thirdly, the Bank made multiple breakthroughs in technology-related bank-guarantee cooperation. It successfully launched its first technology innovation guarantee business, with its service coverage extending to early-stage technology enterprises. Meanwhile, the Bank reduced the fee rate for technology-related bank-guarantee cooperation, thereby broadening its service market. Fourthly, the Bank optimized its big data scoring technology, expanded the marketing list of technology enterprises, and initially developed a distinctive scoring system for identifying technology enterprises. As at the end of the Reporting Period, the balance of technology finance loans of the Bank amounted to RMB34.276 billion, representing an increase of RMB2.818 billion or 8.96% as compared with that at the end of last year.

Green finance

Continuously building the distinctive brand of "BQD Green Finance, Qing Chu Yu Lan" (綠金青銀、青出於藍). In terms of green finance, the Bank supported the high-quality development of green finance. It concentrated on three key areas, namely clean energy, energy conservation and environmental protection, and carbon emission reduction, identified key customer lists for targeted marketing, improved its green finance policy framework, and built a dedicated management system, thereby continuously enhancing its professional and refined management capabilities in green finance. As at the end of the Reporting Period, the balance of the Bank's green loans amounted to RMB65.557 billion, representing an increase of RMB6.744 billion or 11.47% as compared with that at the end of last year, which was higher than the loan average growth rate of the whole Bank. In terms of blue finance, the Bank deepened its cooperation with external service platforms and industry-academia-research integrated platforms, continued to promote the trial implementation of biodiversity finance standards, increased the deployment of marine credit, and innovated and enriched distinctive blue finance services. As at the end of the Reporting Period, the balance of the Bank's blue loans amounted to RMB26.080 billion, representing an increase of RMB3.326 billion or 14.62% as compared with that at the end of last year.

Inclusive finance

Enhancing and improving the inclusive finance support system for enterprises. The Bank remained committed to its positioning of serving the local economy and small- and medium-sized enterprises, continuously enhanced its comprehensive service efficacy of inclusive finance, and promoted the development of inclusive finance in a manner that ensures "stable deployment, optimized structure, improved quality, and sustainable growth". Firstly, the Bank continued to deepen its presence in key industrial clusters, adopting a "one cluster, one policy" approach for bulk customer acquisition. It deepened its engagement in industries where the region holds competitive advantages, driving the implementation of business in 65 clusters, including the garlic industry in Jining, seamless steel tubes in Liaocheng, and marine food industry in Rongcheng. Secondly, the Bank continued to strengthen its efforts in "1+N" scenario-based financial projects. It launched 22 new personal inclusive loan projects, covering multiple sectors such as planting and breeding, commercial districts, and processing trade. As at the end of the Reporting Period, the balance of Bank's inclusive loans amounted to RMB58.944 billion, representing an increase of RMB5.724 billion or 10.76% as compared with that at the end of last year, which was higher than the loan average growth rate of the whole Bank. The non-performing ratio was 1.12%, and the weighted average interest rate of inclusive loans was 3.88%. The Bank had 76.8 thousand inclusive loans customers, representing an increase of 16.2 thousand customers as compared with that at the end of last year. The Bank continued to carry out the "One County, One Specialty" featured activities, and as at the end of the Reporting Period, the balance of the Bank's agriculture-related loans amounted to RMB57.757 billion, representing an increase of RMB9.573 billion or 19.87% as compared with that at the end of last year.

Pension finance

Striving to become a "benchmark bank for regional pension finance". The Bank has established pension finance as a strategic distinctive business. Anchored to this development goal, it continuously optimized its resource allocation and improved its assessment and incentive mechanisms. Firstly, the Bank formulated a comprehensive service solution for pension industry finance from an industry perspective. It adopted "integration of medical and elderly care" as the core service direction for pension customer groups, and built medical-care integration ecosystem scenarios leveraging medical institutions at all levels. Through its exclusive hygiene and health credit products such as "Easy Hospital Financing" (院易融) and "Easy Diagnosis Financing" (診易融), the Bank reinforced the service foundation for the medical and elderly care industry, while simultaneously expanding the promotion of its specialized financing product, "Easy Enterprise Loan for Elderly" (養老企易貸). As at the end of the Reporting Period, the balance of the hygiene and health loans amounted to RMB8.848 billion, representing an increase of RMB964 million or 12.23% as compared with that at the end of last year. Secondly, the Bank focused on the pension scenarios of retail customer groups. Led by its "Happiness • Companionship" (幸福拾光) brand, it built a product matrix centred on the two core needs of pension investment and pension protection, and continued to offer exclusive deposit products for the elderly. During the Reporting Period, exclusive deposits offered to the elderly amounted to RMB426 million. The Bank enriched commercial pension products, filled the gap in its health insurance product shelf and focused on building a tiered service system encompassing pension planning for pre-retirement customers, silver-age classroom services for younger elderly customers, and health and elderly care services for senior customers.

Digital finance

Advancing towards “digital and intelligent” development in digital finance. Guided by its digital transformation strategy, the Bank focused on four key areas, namely digital and intelligent marketing, digital and intelligent operations, digital and intelligent risk control, and digital and intelligent office, and continuously extended its digital finance efforts from channel development towards operational empowerment, experience optimization and value creation. Firstly, the Bank continuously enhanced its online operations and digital service capabilities, and iterated the core functions of its mobile banking. As at the end of the Reporting Period, the number of personal mobile banking users of the Bank reached 5.6450 million, and the volume of non-inquiry transactions on its corporate mobile banking platform grew by 65.96% year on year. Secondly, the Bank continued to promote the intelligent upgrade of scenarios such as customer outreach, product operations, risk management and operational support. Thirdly, the Bank improved its product management and user experience management mechanisms, advanced the development of product catalogue, product master data and product dashboards, and strengthened full-lifecycle product management and the optimization of online service experience. Fourthly, the Bank steadily promoted the application of new technologies such as artificial intelligence in business management, data services and business processes. During the Reporting Period, the Bank expanded its AI application scenarios to 48, with its AI operations assistant covering 20 business categories, including account management and payment and settlement, thereby achieving deep integration of intelligent capabilities with business scenarios.

14.2 Retail Banking

The Company’s retail banking business adhered to the orientation of high-quality development, deepened the refined management of customer segments, and strengthened the development of digital and intelligent capabilities. The Company built closed-loop operations centered on core scenarios such as agency payment services, pension services, and social security, thereby continuously consolidating its competitive advantage in the regional market. During the Reporting Period, the Company further deepened the tiered management of customer segments, with the scale of its mid-to-high-end customer segments and private banking customers steadily expanding. Its comprehensive wealth management revenue generation capacities continued to strengthen, with multiple product categories working in synergy and the structure of intermediary business income being continuously optimized. The Company further advanced its digital and intelligent transformation, and its digital customer management capabilities were enhanced in an orderly manner, thereby further consolidating the foundation for the high-quality development of its retail banking business. During the Reporting Period, the retail banking business of the Company realized operating income of RMB2.028 billion, representing a year-on-year increase of 21.43% and accounting for 24.28% of the Company’s operating income.

1. *Retail deposits*

The retail deposit business accurately captured the changing trends in household savings preferences, achieving steady growth in scale. The Company closely monitored policy changes and market trends. On the one hand, it adopted differentiated pricing strategies to capture maturity windows and secure fund absorption and retention; on the other hand, it issued additional priced products in an orderly manner, strengthened marketing efforts to attract new customers, and actively absorbed new funds. As at the end of the Reporting Period, the balance of personal deposits of the Company (excluding accrued interest, the same below) amounted to RMB270.310 billion, representing an increase of RMB18.079 billion or 7.17% as compared with that at the end of last year. The Company closely followed the changes in policies and market trends, promptly adjusted pricing strategies and the pace of product issuance, leading to continuous optimization of its deposit structure. During the Reporting Period, the average cost ratio of retail deposits of the Company reached 1.72%, representing a decrease of 0.48 percentage point as compared with the same period of last year. The overall interest rate paid on retail deposits saw a significant reduction.

2. *Retail loans*

The retail loans achieved improvements in both quality and efficiency, building a new ecosystem of integrated services. Taking "strengthening inclusive finance, stabilizing residential mortgages, and expanding consumption loans" as its main theme, the Company's retail loan business vigorously advanced the synergistic development of inclusive finance and personal consumption loans while consolidating its personal residential mortgages, thereby continuously enhancing its comprehensive retail credit service capabilities. As at the end of the Reporting Period, the balance of the Company's retail loans (excluding credit card) was RMB65.407 billion, representing a decrease of RMB980 million or 1.48% as compared with that at the end of last year. During the Reporting Period, the Company realized retail loan interest income of RMB1.303 billion, with an average yield for retail loan of 3.80%, down by 0.32 percentage point as compared with the same period of last year.

The Company refined the transformation layout of retail credit, balancing business development with risk management and control. In terms of personal business loans, facing challenges such as weakening market demand and fluctuations in collateral value, the Company relied on products such as "Mortgage Loan", "Commercial Easy Loan", and "Benefiting Farmers Loan" to deepen scenario-based finance and strengthen targeted coverage of customer segments such as small and micro business owners and self-employed individuals. As at the end of the Reporting Period, the Company's balance of personal business loans reached RMB13.959 billion, representing an increase of RMB1.683 billion or 13.71% as compared with that at the end of last year. Personal business loans accounted for 19.37% of total retail loans, up by 2.78 percentage points as compared with that at the end of last year. In terms of personal consumption loans, the Company proactively implemented regulatory policy guidance, steadily advanced the transformation of its internet loan business strategy, systematically promoted the optimization and adjustment of partner institutions and business models, further focused on its self-operated credit business, reinforced the foundation of risk prevention and control and compliance, and consolidated asset quality. As at the end of the Reporting Period, the Company's balance of personal consumption loans amounted to RMB13.731 billion, representing a decrease of RMB2.503 billion or 15.42% as compared with that at the end of last year; the balance of individual internet loans stood at RMB9.739 billion, representing a decrease of RMB591 million as compared with that at the end of last year. In terms of personal housing loans, the Company proactively adapted to the profound adjustment of the supply-demand dynamics in the real estate market. Against the backdrop of weak industry credit demand and increasing market debt repayment pressure, the Company coordinated business deployment with risk prevention and control in a balanced manner. As at the end of the Reporting Period, the balance of the Company's personal residential mortgages came to RMB44.359 billion, representing a decrease of RMB1.131 billion or 2.49% as compared with that at the end of last year.

3. *Retail customers and customer asset management*

Deepening tiered customer segment management, the Bank enhanced retail customer value and scenario-based service capabilities. The Bank adhered to its strategy of "strengthening the customer base" and built a "three-dimension, four-driver" tiered customer management system centering on the enhancement path of "activating mass-market customers, cultivating potential customers, and deepening engagement with mid- to high-end customers". Leveraging a series of activity platforms such as the "Spring-Summer Vitality Season", the Bank created a diversified matrix of customer service activities. During the Reporting Period, the Bank organized over 50 distinctive themed activities, driving continuous improvement in customer stickiness and value contribution.

As at the end of the Reporting Period, the number of retail customers (including credit card users, and pure credit customers within the micro-loan category) of the Bank reached 7.9588 million, among which, debit customers reached 6.4370 million, representing an increase of 129.4 thousand or 2.05% as compared with that at the end of last year. The balance of retail financial assets amounted to RMB399.398 billion, representing an increase of RMB19.354 billion or 5.09% as compared with that at the end of last year. Among which, the total number of mid- to high-end customers with financial assets above RMB200 thousand reached 502.0 thousand, representing an increase of 28.8 thousand customers or 6.09% as compared with that at the end of last year. Their assets scale in the Bank was RMB348.510 billion, representing an increase of RMB18.856 billion or 5.72% as compared with that at the end of last year, and accounting for 87.26% of assets retained by all retail customers. The proportion of mid- to high-end customers in total customers and their proportion of total financial assets both steadily increased, reflecting continuous optimization of the customer segment structure.

As at the end of the Reporting Period, community banking of the Bank served 94.1 thousand customers, representing an increase of 14.34% as compared with that at the end of last year. In terms of agency payment customer groups, the Bank established a tiered management mechanism for agency payment businesses and implemented customer engagement scenarios across both online and offline channels. As at the end of the Reporting Period, the Bank had 260.7 thousand active agency payment customers, representing an increase of 10.5 thousand as compared with that at the end of last year. In terms of social security customer segment, the Bank focused on social security card benefit services and brand promotion, advanced the replacement and issuance of third-generation social security cards, and achieved a cumulative issuance of 619.8 thousand social security cards.

4. *Agency retail business*

Advancing the professional and systematic development of wealth management, the Company deepened product innovation and channel optimization in its agency sales business. Centering on changes in customer needs and market trends, the Company simultaneously strengthened both product supply and service capabilities, driving the transformation of its agency sales business towards greater refinement. During the Reporting Period, the Company's retail banking business realized net fee and commission income of RMB223 million, accounting for 20.80% of the Company's net fee and commission income.

In terms of agency sales of wealth management business, the Company continued to enrich its supply of fixed income products, steadily expanded the boundaries of its "fixed income +" products, and optimized and enriched its product shelf. In terms of agency sales of insurance business, the Company strengthened the sales capability development of its team, reinforced process management and service support, and fully matched the differentiated allocation needs of customers. During the Reporting Period, the Company recorded new agency insurance premium of RMB1.318 billion, representing an increase of 9.56%. In terms of agency sales of fund business, the Company enhanced its product supply and selection capabilities and strengthened its online service capabilities. During the Reporting Period, the Company's agency fund sales reached RMB1.624 billion, representing a year-on-year increase of RMB916 million or 129.38%. In terms of agency sales of precious metals business, the Company closely followed market highlights and customer needs. Taking investment gold and silver products and panda coins as its key offerings, and leveraging festive occasions such as the Spring Festival and the back-to-school season, the Company carried out a series of themed marketing activities. During the Reporting Period, the Company realized fee and commission income from agency precious metals of RMB8.3853 million, representing a year-on-year increase of 39.34%. In terms of agency sales of private placement standard product asset management business, the Company focused on two strategic directions, namely "pure fixed income" and "fixed income +", continued to enrich its product line supply, and steadily consolidated its diversified product strategy system.

5. *Private banking business*

Deepening the "1+1+1+N" collaborative service mechanism of the private banking business, the Bank comprehensively enhanced the quality and efficiency of integrated operations for high-net-worth customers. The Bank has consistently upheld its service mission of "putting customers first". Through multi-dimensional initiatives such as building an elite dedicated team, iterating its dedicated product shelf, and upgrading its distinctive benefits ecosystem, the Bank achieved faster market response and a leap in service capabilities, thereby continuously consolidating and enhancing the differentiated competitive advantages and value creation capabilities of its private banking business. As at the end of the Reporting Period, the number of private banking customers of the Bank and the scale of assets under management increased by 6.05% and 7.23% respectively as compared with that at the end of last year, with core operating indicators maintaining a sound and improving momentum.

6. *Customer service management*

The Bank continued to deepen its "customer-centric" service philosophy, advancing its service management towards refinement and professionalism. By deepening customer relationships, it created moving service experiences that exceeded expectations, shaping a distinctive service brand. Firstly, the Bank implemented a standardized proactive service enhancement system, complemented by diversified training to empower frontline employees, refine service capabilities, and consolidate the service foundation. Secondly, the Bank built distinctive service culture promotion platforms, continuously upgrading customer experience through warm and differentiated services. Thirdly, the Bank strictly implemented complaint management regulations and local implementation rules, achieving full-chain coverage encompassing complaint acceptance, resolution and source tracing. During the Reporting Period, the Company commissioned professional market monitoring and data analysis companies to conduct customer satisfaction surveys, which yielded a Net Promoter Score (NPS) of 82.57%, representing a year-on-year increase of 1.31 percentage points. This outcome demonstrates customers' high recognition and trust in the Bank's services.

14.3 Corporate Banking

The Company's corporate banking business closely followed the main theme of high-quality development. The Company deepened its engagement with customer segments, implemented integrated operations and differentiated strategies, and achieved targeted outreach through tiered and classified approaches. The Company optimized products, advanced product innovation and iteration to empower marketing, and comprehensively enhanced the level of financial services. The Company also increased revenue through multiple channels, coordinated the advancement of key business operations, and built a new engine for high-quality development. During the Reporting Period, the Company's corporate banking business realized operating income of RMB4.336 billion, representing a year-on-year increase of 19.76% and accounting for 51.90% of the Company's operating income.

1. Corporate deposits

Corporate deposits were steadily retained and expanded, achieving stable growth. The Company implemented the special initiative of "boosting settlements and reforming fund transfer channels", carried out list-based targeted customer acquisition and scenario-based marketing, and empowered the high-quality growth of corporate deposits. During the Reporting Period, the Company achieved significant results in liability cost management and control, with the overall interest payment rate showing a steady downward trend and the deposit structure being continuously optimized. As at the end of the Reporting Period, the balance of corporate deposits (excluding accrued interest, the same below) was RMB256.115 billion, representing an increase of RMB5.597 billion or 2.23% as compared with that at the end of last year, accounting for 48.64% of total deposits. Specifically, the balance of corporate demand deposits amounted to RMB94.570 billion; and the balance of corporate time deposits amounted to RMB161.545 billion, representing an increase of RMB5.651 billion or 3.62% as compared with that at the end of last year. The average cost ratio of corporate deposits was 1.21%, down by 0.29 percentage point year on year. During the Reporting Period, the Company's average daily deposits from corporate customers was RMB253.770 billion, representing a year-on-year increase of RMB35.631 billion or 16.33%.

2. *Corporate loans*

Credit allocation focused on the eight major tracks, building a differentiated operations system. The Company focused on key industries and target customer segments and relied on list-based marketing, differentiated strategies, and signature products to drive steady expansion of its credit scale. It improved differentiated marketing mechanisms. Centering on key tracks such as technology finance, blue finance and green finance, public utilities and inclusive micro-and-small enterprises, it achieved precise customer acquisition through whitelist management, deepened joint marketing, pre-emptive marketing and process management to build a closed-loop marketing system, effectively enhancing market coverage and marketing conversion efficiency. The Company also strengthened product and service support. In response to corporate financing demands, it continuously enriched and optimized credit products and service models, deepened comprehensive operation and promoted both volume and quality improvement of its loan business. As at the end of the Reporting Period, the balance of corporate loans (including discounted bills and excluding accrued interest) was RMB355.667 billion, representing an increase of RMB32.659 billion or 10.11% as compared with that at the end of last year, and accounting for 83.15% of the total loans (excluding accrued interest). The corporate asset business maintained a sound development momentum.

3. *Corporate customers*

The Bank deepened customer segment operations and expansion on a long-term basis, reinforcing the philosophy of tiered and classified customer segment management. The Bank built a specialized customer segment service system, expanded new quality customers, tapped the potential of existing customers, and comprehensively enhanced the quality and efficiency of customer segment operations. As at the end of the Reporting Period, the total number of corporate customers that had opened accounts with the Bank amounted to 311.3 thousand, representing an increase of 9.4 thousand accounts or 3.11% as compared with that at the end of last year. During the Reporting Period, the Bank newly opened accounts for 13.9 thousand corporate customers, and its coverage rate of provincial market entities reached 2.21%, up by 0.18 percentage point compared with the end of last year. As at the end of the Reporting Period, the Bank had 15,321 corporate borrowers (excluding discounted bills customers), representing an increase of 1,037 or 7.26% as compared with that at the end of last year.

In terms of strategic customer segments, the Bank strengthened operational coordination and business deployment, deeply tapped the potential of existing customers, expanded new quality customers, and fully leveraged various subsidy policies to facilitate business breakthroughs, quality improvements and volume expansion, achieving significant results in policy implementation. As at the end of the Reporting Period, the Bank had 2,185 strategic customers, representing an increase of 161 or 7.95% as compared with that at the end of last year. During the Reporting Period, the average daily deposit of the strategic customers increased by RMB12.277 billion as compared with that of last year, and the balance of the loans increased by RMB15.461 billion as compared with that at the end of last year.

In terms of institutional customer segments, the Bank centered on government-bank collaboration, building a closed-loop ecosystem of "service – retention – value enhancement" to consolidate its competitive advantage in the regional market. During the Reporting Period, the Bank had 10,624 institutional customers with non-zero average daily deposits.

In terms of micro- and small-sized customer segments, the Bank carried out targeted marketing campaigns aimed at active settlement customers. Focusing on existing loan customers, payroll agency customers and potential active customers, the Bank deeply explored business opportunities across the entire process of fund inflow, fund utilization and fund retention. As at the end of the Reporting Period, the number of value customers with average daily assets of over RMB500,000 for the year reached 36.9 thousand, representing an increase of 1.7 thousand customers compared with the end of last year. During the Reporting Period, the Bank newly opened accounts for 13.9 thousand corporate customers, with average daily deposits of RMB6.960 billion for the year, representing a year-on-year increase of RMB1.138 billion.

4. *Corporate products*

The Bank continuously advanced the systematic and standardized development of its corporate product system. It deepened the iteration and upgrade of its "Seven-Color Light" product framework, and continuously improved the product system architecture by optimizing the product matrix, unifying service standards, and filling category gaps. Meanwhile, the Bank strengthened cross-line collaboration and synergy, innovatively created distinctive flagship products, and advanced the standardized upgrade of its products. Rooted in the development track of technology finance, the Bank innovatively expanded the application scenarios of its "quasi-credit" business and successfully launched its first data asset pledge-based credit business. In addition, the Bank deepened scenario development from multiple dimensions such as industry characteristics and customer needs, empowering product iteration and upgrade through scenarios and comprehensively enhancing the market competitiveness of its core products. During the Reporting Period, the Bank deepened its bulk operations model for industrial clusters, implementing business in 65 industrial clusters on a cumulative basis and achieving scaled expansion of both customer segments and business. It strengthened digital and intelligent technology empowerment, deeply explored the value of customer data, and accelerated the launch of an online closed-loop product issue processing platform, achieving full-lifecycle visualized management and control encompassing product issue analysis, feedback, optimization, execution and delivery. Through these efforts, the Bank continuously optimized its product service processes and effectively enhanced the overall customer product experience.

5. *Transaction banking*

Leveraging digital and intelligent technologies to reshape the service model for transaction banking. The Bank integrated its core segments of financing, settlement and cross-border business to build an integrated and agile service matrix, accurately matching the diversified and complex operational needs of enterprises across domestic and overseas markets, in both RMB and foreign currencies, and on and off the balance sheet. Through one-stop comprehensive financial service solutions, the Bank efficiently empowered the business development of enterprises, consolidated customer cooperation stickiness, and enhanced the comprehensive value contribution of customers. During the Reporting Period, the Bank penetrated industrial ecosystems through chain-based marketing. It continuously optimized its international business sub-brands such as "BQD Huitong" (青銀匯通), "BQD Trade Loan" (青銀貿貸), "BQD Overseas Connect" (青銀出海通), "BQD Huiying" (青銀匯盈), completed the launch of the "BQD Cloud Smart Chain" (青雲智鏈) proprietary supply chain bill platform, and accelerated the upgrade of products such as "Receivables Chain Financing" (應收鏈融), "Distribution Easy Loan" (經銷易貸), "Quick and Easy Discount" (快易貼), and "Commercial Ticket Connect" (商票通). Through these efforts, the Bank continuously deepened its engagement with key customer segments in transaction banking and expanded the operational advantages of its core customer segments.

During the Reporting Period, the Bank's transaction banking business generated fee and commission income and exchange gains totalling RMB376 million, representing a year-on-year increase of 36.48%. International settlement business volume reached USD19.848 billion, and the number of active international business customers stood at 4,606, representing a year-on-year increase of 1,024 customers, or 28.59%. Commercial bill discounting volume amounted to RMB19.805 billion, representing a year-on-year increase of RMB2.218 billion, or 12.61%. As at the end of the Reporting Period, the number of core supply chain finance customers was 914, representing a year-on-year increase of 217 customers, or 31.13%. The balance of supply chain financing amounted to RMB24.143 billion, representing an increase of RMB3.857 billion, or 19.01%, as compared with that at the end of last year. The number of contracted active cash management customers was 23,063, representing an increase of 2,829 customers, or 13.98%, as compared with that at the end of last year.

14.4 Financial Market Business

The Company's financial market business adhered to a balanced approach that emphasizes soundness and prudence, value creation, and risk discipline. Guided by the operating philosophy of "maintaining stable duration, optimizing structure, strengthening trading capabilities, and controlling risks", the Company strengthened research on macro-economy, interest rates, credit, and foreign exchange markets, coordinated asset allocation, trading operations, active liability management, and liquidity management, and continued to refine its mechanisms for trading pricing, customer management, and risk management. During the Reporting Period, the Company's financial market business achieved operating income of RMB1.655 billion, accounting for 19.81% of the Company's operating income.

1. Proprietary investment and asset allocation

The Bank optimized its proprietary investment layout and deepened asset allocation management. During the Reporting Period, the Bank's proprietary investment business focused on medium- to long-term asset allocation, carry income, and portfolio management. In light of the Bank's overall asset and liability management, liquidity requirements, capital constraints, and market trends, the Bank reasonably managed the pace of allocation and continuously optimized the investment categories, terms, and structures. The Bank placed emphasis on allocations to government bonds, policy financial bonds, high-grade credit bonds, and other standardized financial assets, and implemented classified management in strict accordance with business models and contractual cash flow characteristics, balancing coupon income, valuation volatility, capital consumption, and liquidity contribution. The Bank reasonably seized allocation opportunities in the bond market, maintaining a coordinated balance among portfolio safety, liquidity, and profitability.

The Bank continuously optimized its investment asset structure with a focus on the "Five Major Aspects" of finance and the development directions of key regional industries. It actively allocated to thematic financial assets, including technology innovation bonds and green bonds, thereby scaling up support for technological innovation and green and low-carbon development. Meanwhile, in line with actual conditions, the Bank allocated to financial assets related to small and micro enterprises and agriculture, rural areas, and farmers, leveraging financial market instruments to support inclusive finance. Capitalizing on Qingdao's regional endowments, the Bank steadily expanded its investments in the marine economy and blue finance, while actively monitoring investment opportunities in pension finance. As of the end of the Reporting Period, the carrying amount of the Bank's financial assets related to technology finance and green finance themes was RMB8.150 billion and RMB5.848 billion respectively.

As at the end of the Reporting Period, the proprietary investment (including accrued interest) of the Company amounted to RMB342.181 billion, representing an increase of RMB32.681 billion or 10.56% as compared with that at the end of last year, of which bond investment (including accrued interest) was RMB297.418 billion, representing an increase of RMB38.541 billion or 14.89% as compared with that at the end of last year, accounting for 86.92% of the proprietary investment balance; government bonds and policy financial bonds (including accrued interest) together amounted to RMB88.378 billion; the book balance of other proprietary investments other than bonds amounted to RMB44.763 billion, accounting for 13.08% of the proprietary investment balance, of which the book balance of investment funds amounted to RMB43.489 billion.

The Bank has a relatively complete set of interbank market qualification licenses, empowering financial innovation and business development by leveraging license advantages. The Bank is one of the first founding members of China's market interest rate pricing self-regulatory mechanism, the first approved commercial bank in the non-Tenge regional trading territories, and an institution directly connected with Euroclear through the China Foreign Exchange Trade System (CFETS) transaction platform. The Bank is the first comprehensive city commercial bank spot bond market maker in Shandong Province, and has the qualifications for "Northbound Bond Connect" and "Southbound Bond Connect" under Bond Connect and the ordinary derivatives trading business. The Bank is a member of the local government bond underwriting syndicate in Shandong Province and Qingdao City. The Bank was reelected as the "Market Presence Institutions of the Year" and "Market Innovative Business Institutions" in the national inter-bank local currency market, and "Top 100 Self-operated Settlement Banks" by China Central Depository & Clearing Co., Ltd.

2. *Fixed income, currencies and commodities (FICC) trading and market-making capabilities*

The Bank continued to advance the integrated management of its FICC business. During the Reporting Period, the Bank progressively improved its collaborative mechanisms for research, pricing, trading, sales, market-making, and risk hedging, with a focus on enhancing capabilities in fixed income trading, bilateral quoting, foreign exchange and derivatives services. The Bank continuously strengthened its trading pricing and liquidity service capabilities for thematic bonds, including technology innovation bonds and green bonds, and advanced the digitalization of processes including market analysis, trade execution, profit and loss attribution, and risk monitoring, thereby enhancing FICC operational efficiency and the quality and efficiency of risk management.

In terms of fixed-income business, the Bank strengthened its assessment of funding prices, yield curves, credit spreads, and market liquidity, and flexibly conducted trading in rate securities, policy financial bonds, and high-grade credit bonds. It optimized market-making inventory, holding terms, and risk exposures, thereby enhancing transaction flexibility, bilateral quoting quality, and market liquidity service capabilities. In terms of foreign exchange and derivatives business, the Bank closely monitored domestic and overseas interest rate and exchange rate changes. Within the framework of risk appetite, authorization, and limits, the Bank steadily conducted foreign exchange spot, forward, and swap, as well as interest rate and exchange rate derivatives trading. The Bank implemented the concept of exchange rate risk neutrality and customer suitability management requirements, provided risk management services based on customers' genuine transaction needs, and reinforced the application of standardized derivative instruments in risk hedging, liquidity management, and customer services.

During the Reporting Period, the Bank's RMB bond trading volume amounted to RMB3,061.707 billion, of which market-making trading volume amounted to RMB1,878.513 billion, representing a year-on-year increase of 77.70%; the notional principal of RMB interest rate swap transactions amounted to RMB58.660 billion, representing a year-on-year increase of 177.35%; the trading volume of RMB standard bond forwards amounted to RMB45.200 billion. During the Reporting Period, the Bank's foreign exchange transaction volume amounted to USD64.357 billion, representing a year-on-year increase of 114.41%; and the notional amount of exchange rate derivatives trading amounted to USD55.318 billion, representing a year-on-year increase of 112.87%. As at the end of the Reporting Period, the total trading volume of the Bank's customer foreign exchange derivatives business reached USD610 million, representing an increase of USD462 million or 312.16% as compared with the same period of the last year.

3. *Interbank business*

The Bank strengthened active liability management to enhance the quality and efficiency of fund operations. During the Reporting Period, the Bank coordinated domestic and foreign currency liquidity requirements, funding costs, and maturity structures. Taking into account monetary policy and changes in market liquidity conditions, the Bank comprehensively utilized tools such as interbank borrowings and lendings, bond repurchases, interbank deposits, and certificates of interbank deposit, to prudently conduct money market fund operations and active liability management, thereby improving fund utilization efficiency and safeguarding liquidity security.

In terms of money market business, the Bank strengthened its forecasting of fund positions and market liquidity, dynamically arranged the size, tenors, and counterparties for both lending and borrowing, optimized short-term asset and liability allocation and collateral usage, and controlled funding concentration and concentrated maturity risks. In terms of active liability management, based on asset deployment, funding gaps, and market price changes, the Bank reasonably arranged the size, tenors, and issuance pace of financing instruments including certificates of interbank deposit, interbank deposits, placements from banks and other financial institutions, and financial assets sold under repurchase agreements. It optimized the maturity distribution of liabilities, increased the proportion of low-cost and stable funding sources, and reduced overall funding costs. In terms of interbank customer management, the Bank refined its tiered classification and integrated service mechanism, deepened its cooperation with financial institutions such as banks, securities firms, fund companies and insurance companies, and promoted synergy across funding, trading, settlement, and product services. It continuously enhanced the depth of cooperation with key interbank customers and deepened business collaboration in key areas such as technology finance and green finance.

As at the end of the Reporting Period, the balance of the Bank's interbank liabilities[1] amounted to RMB166.602 billion. During the Reporting Period, the outstanding balance of certificates of interbank deposit issued by the Bank amounted to RMB90.638 billion, representing a decrease of RMB9.211 billion from the end of the last year, accounting for 54.40% of the Bank's interbank liabilities and 11.62% of the Bank's total liabilities. The balance of the Bank's RMB interbank deposits amounted to RMB54.390 billion, accounting for 32.65% of the Bank's interbank liabilities and 6.97% of the Bank's total liabilities. The aggregate balance of the Bank's placements from banks and other financial institutions and financial assets sold under repurchase agreements amounted to RMB21.574 billion, accounting for 12.95% of the Bank's interbank liabilities and 2.77% of the Bank's total liabilities.

[1] The aggregate of certificates of interbank deposit issued, deposits from banks and other financial institutions, placements from banks and other financial institutions, and financial assets sold under repurchase agreements.

4. *Asset custody*

The Bank drove business development through innovation, bringing asset custody business to a new level. During the Reporting Period, the Bank's asset custody business adhered to a principle of steady operation and innovative development, fully leveraging the synergies and integration advantages across the Group's multi-segment businesses to promote high-quality development of the custody business. The Bank continued to enhance its diversified product matrix and accelerated its layout of equity public funds. It has launched more than 20 publicly offered funds of various types and successfully realized the launch of its first ETF fund custody business. During the Reporting Period, the Bank's wealth management product custody scale achieved leapfrog growth, surpassing the RMB100 billion mark and becoming a key pillar of custody business scale growth. The Bank continued to deepen the mechanisms of "distribution-custody synergy" and "investment-custody synergy", driving the scale of securities, trust, and securitized asset custody to exceed RMB120 billion, which served as a significant engine for business growth. The Bank also actively advanced its digital transformation, implementing the application of large models in operational scenarios and achieving new progress in digital and intelligent development.

5. *Investment banking*

The Bank pursued breakthroughs through innovation and deepened its professionalized investment banking services. It refined its professional service capabilities, improved its business service processes, continuously expanded the boundaries of its integrated services, and built differentiated investment banking service advantages. During the Reporting Period, the Bank issued 55 debt financing instruments, ranking first in terms of the number of issuances in Shandong Province; the underwriting scale amounted to RMB16.758 billion, representing an increase of RMB963 million or 6.10% year on year. The Bank reached a record high in terms of the underwriting business market share in Shandong Province. The Bank fully leveraged its professional strengths in debt financing instrument underwriting business, and targeted the financing needs of the real economy and sci-tech enterprises. Through the "First Bond Cultivation" (首債培植) special initiative, the Bank successfully facilitated the debut of three enterprises from Shandong Province in the inter-bank bond market. The Bank acted as lead underwriter for all technology innovation bonds issued by private enterprises for the first time in Shandong Province, further demonstrating its market influence in bond underwriting. During the Reporting Period, the Bank was awarded the "Best Inter-bank Debt Financing Instrument Underwriter (Outstanding City Commercial Bank Award)" by Wind Information.

14.5 Digital Development

During the Reporting Period, the Bank focused on the development guidelines of “quantity and quality upgrading, foundation and capability strengthening, agility and efficiency improvement, and stability and sustainability enhancement”, and took “Data + AI” as the core dual-engine driver. The Bank continuously refined its top-level strategic framework, made breakthroughs in core technology infrastructure, and deepened the release of data value, in parallel with advancing the digital and intelligent collaborative transformation across all domains and strengthening the intelligent risk control defense system. In doing so, the Bank built a modern technology support system that balances agility and stability, thereby providing solid technological support for the Bank’s high-quality development.

As of the end of the Reporting Period, the Bank had 358 scientific and technological R&D personnel, accounting for 6.85% of the Bank’s total staff. The educational background of R&D personnel was composed of: 196 people with a master’s degree or above, 160 people with a bachelor’s degree, and 2 people with a college degree or below. The age distribution was as follows: 113 people aged 30 and below, 183 people aged 30-40 (excluding 30, including 40), 51 people aged 40-50 (excluding 40, including 50), and 11 people aged 50-60 (excluding 50, including 60).

1. Strengthening top-level strategic coordination and building a closed-loop implementation system

Focusing on the goal of building a “benchmark for intelligent transformation among regional banks”, the Bank promoted the implementation of the “New Three-Year Strategic Plan for Digital Transformation of Bank of Qingdao”. Leveraging the “Star Chart” strategic management module, the Bank achieved online control over the entire strategic task process, and completed the closed-loop digital management of the entire chain including breakdown, penetration, monitoring, early warning and archiving, fully integrating digital transformation into the Bank’s strategic operations and business development system. The Bank independently formulated the “Information Technology Strategic Plan (2026-2028)” and established the main tasks of “enhancing agility, strengthening digital intelligence, and upgrading capabilities” and the overall architecture featuring “three layers, two wings, and a dual-mode approach combining agility and stability”. Moreover, the Bank focused on business agility and responsiveness, AI-powered process enablement and core capability restructuring, systematically built a modern technology capability system that adapted to the Bank’s strategic development, and broke down 61 special breakthrough tasks, all of which were progressing in an orderly and controllable manner.

2. ***Iterating the online channel ecosystem and creating a digital and intelligent refined operations model***

The Bank continuously optimized its omni-channel digital service system. It expanded the HarmonyOS ecosystem scenarios, improved the remote banking channel, and achieved full online processing of 12 core transactions. The Bank also enriched the supply of wealth management products with the launch of private banking and fund trading zones. Relying on the "Rongxi" intelligent marketing platform, the Bank promoted the dual-line integration of digitalized retail and corporate banking operations, precisely matched customer needs with differentiated and tailored services, and consolidated the foundation of online customer operations.

In the field of corporate business, as at the end of the Reporting Period, the registered users of the corporate mobile banking of the Bank were 76.0 thousand, representing an increase of 13.2 thousand or 21.02% as compared with that at the end of last year. During the Reporting Period, the corporate mobile banking recorded a cumulative non-query transaction volume of 769.7 thousand, representing an increase of 65.96% year on year. As at the end of the Reporting Period, the number of corporate online banking customers of the Bank reached 331.5 thousand, representing an increase of 13.0 thousand, or 4.08% as compared with that at the end of last year. During the Reporting Period, the corporate online banking recorded a cumulative non-inquiry transaction volume of 9.1465 million, representing a year-on-year increase of 10.25%, with the stickiness of corporate online services continuously strengthening. In the field of retail business, as at the end of the Reporting Period, the Bank recorded 5.6450 million personal mobile bank users in existence, representing an increase of 109.6 thousand as compared with that at the end of last year. The number of monthly active users for personal mobile banking reached 1.3872 million.

3. ***Deepening the development of the data governance system and activating the empowering value of data elements***

The Bank comprehensively carried out full-domain governance of data quality, data assets, data applications, external data, and data security, driving the upgrade of data governance from basic compliance to value empowerment. It deeply implemented the "Strengthening Foundations Initiative" for data quality, improved data standards and specifications across multiple domains, and established automated verification mechanisms. The Bank upgraded the data security management system, built a data security organizational structure with headquarters-branch linkage and front-middle-back office collaboration, forming a long-term data security control model. It continuously expanded high-quality data resources, launched over 2,000 core business indicators, strengthened data supply reserves, and built four major indicator systems for retail, corporate, operations and risk. These efforts empowered applications in multiple fields such as marketing, risk control, finance and compliance, comprehensively enhancing data support and decision-making efficiency.

4. *Reinforcing the intelligent risk control barrier and consolidating the baseline of compliant and sound operations*

The Bank continuously upgraded its digital risk control system, deepened its integration with local credit reporting platforms, and enabled online processing of businesses such as mortgage registration and withdrawal. The Bank fully launched the second phase of the smart credit project, with a specialized post-loan early warning function for personal loans put into operation, generating a cumulative total of over 16,000 early warning signals. Leveraging the risk control cockpit, the Bank achieved panoramic visual monitoring of over 100 core risk indicators. The Bank optimized the real-time transaction risk management module, reducing the response time for early warnings to 5 seconds. The Bank steadily improved its all-dimensional intelligent risk control system covering credit, transactions and markets, enabling early identification, early warning, and early processing of risks, thereby comprehensively reinforcing the Bank's compliance operations and the line of defence for fund safety.

5. *Expanding diversified application scenarios and strengthening the foundation for AI innovation and development*

The Bank continuously expanded large-scale AI application scenarios, with AI business scenarios extending to 48 areas. It achieved second-level response in business knowledge retrieval. The Bank established an AI operations assistant knowledge base, covering 20 major business categories such as accounts and payment settlements. It implemented tools such as "Intelligent Writer" (智能寫手), "Model Quality Inspector" (模型質檢員), and "ChatBI Intelligent Data Query" (ChatBI智能問數), driving the transformation of data services toward an intelligent model. The Bank made every effort to advance the second phase of the new core project, gradually building a new-generation distributed core business architecture with high availability, high scalability and high security, thereby continuously strengthening the technology foundation for the Bank's long-term development. The Bank steadily improved its enterprise-level AI computing infrastructure, establishing an elastic and adaptable intelligent computing system. In the area of R&D efficiency, it streamlined the entire chain from "requirements-coding-testing", continuously releasing the efficiency of technology R&D.

XV. STRUCTURED ENTITIES CONTROLLED BY THE COMPANY

For details of the structured entities controlled by the Company, please refer to "46 INTERESTS IN STRUCTURED ENTITIES under Notes to the unaudited interim consolidated financial statements" of this interim report.

XVI. RISK MANAGEMENT

16.1 Comprehensive Risk Management

The Company has established a comprehensive risk management organizational structure in which the Board of Directors assumes the ultimate responsibility, the audit committee under the Board of Directors exercises effective supervision, and the senior management directly leads. Such organizational structure is supported by the Bank's Comprehensive Risk Management Committee, with Risk Management Department taking the lead in comprehensive risk management and each risk management department responsible for single types of risk management and control. Each business line management department, branch, sub-branch and affiliated institutions closely cooperates and collaborates, and the internal audit department independently audits, covering all risks, institutions, customers, businesses and processes, forming a comprehensive risk management operation mechanism that is multi-level, interconnected, and effective checks and balances.

During the Reporting Period, the types of risks faced by the Company's operations include credit risk, market risk, liquidity risk, operational risk, reputational risk, strategic risk, information technology risk, interest rate risk of banking book, country risk, compliance risk, money laundering risk, outsourcing risk, data risk, environmental, social and governance risk and other risks required to be addressed by external regulatory authorities or the Company's Board of Directors.

16.2 Credit Risk Management

Credit risk refers to the risk arising from the failure by the obligating party or a party concerned to meet its obligations in accordance with agreed-upon terms. The Company's credit risks are mainly derived from loan portfolios, investment portfolios, guarantees and commitments, etc. During the Reporting Period, the Company adhered to the "prudent and steady" risk governance philosophy and continuously strengthened proactive risk management and substantive risk control. By taking relevant measures, the Company achieved optimization of various asset quality indicators and continuous improvement of its credit risk management capability, thus ensuring the Company's high-quality development. The Company has adopted the following key measures to strengthen its credit risk management:

1. Optimized credit policies and adjusted risk prevention and control strategies in key areas. The Company accurately grasped the economic situation and policy orientation, proactively identified major risk hazards and practical challenges, and proposed the overall credit granting strategy, key development directions, and risk adjustment strategies for key areas for 2026.

2. Strengthened substantive risk management and enhanced risk monitoring and control capabilities. By strengthening industry analysis and application, deepening risk analysis of standardized products, implementing risk classification management of credit customers, enhancing collateral management, focusing on post-credit granting inspections in key areas, strengthening monitoring of fund flows for loan purposes, consolidating the application of risk assessment results, and taking other measures, the Company comprehensively strengthened the substantive risk analysis and control in key areas, key industries, and key products.

3. Promoted the reform of the approval mechanism and strengthened approval management. Specific reform measures were formulated in terms of approval processes, approval organization, credit review committee mechanisms, timeline management, and business operations, ensuring independent approval and safeguarding the independence and professionalism of credit granting approval.

4. Exercised refined risk management and control and continuously optimized credit asset quality. The Company implemented refined and dynamic control over various asset quality indicators, strengthened the prediction and analysis of risk migration and change trends, improved the ability to pre-handle risk signals, innovated and expanded collection channels, and enhanced the disposal of non-performing assets.

5. Implemented an "Improvement Plan" and strengthened the post-credit granting management mechanism. The Company consistently optimized the post-credit management mechanism across multiple dimensions, including management system, inspection framework, staffing, and supporting systems. It also implemented dynamic monitoring of position assets in investment business, achieved closed-loop management of risk early warning, and strengthened post-investment management in financial market business.

6. Advanced credit intelligence and continuously enhanced digitalization levels. The Company accelerated the intelligent upgrading of credit operations, deepened the application of AI across all scenarios, and further enhanced the digitalization and intelligence levels of the Company's credit systems.

By taking the said measures, the Company further improved the quality of its assets and effectively controlled credit risks during the Reporting Period.

16.3 Liquidity Risk Management

Liquidity risk refers to the risk that the Company is unable to obtain adequate capital in a timely manner and at reasonable cost to repay matured debts, perform other payment obligations or meet other capital needs for normal business. The Company attaches great importance to the construction of liquidity risk management, and has established a relatively complete liquidity risk management system that meets the current development needs based on comprehensive, prudent, and forward-looking principles. The liquidity risk management policies and systems comply with regulatory requirements and the Company's own management needs.

The objective of the Company's liquidity risk management is to ensure that the Company has sufficient cash flows to meet payment obligations and fund business operations on a timely basis. In accordance with its development strategies, the Company continuously improves its liquidity risk management level and dynamically adjusts its liquidity risk management strategies to ensure that the liquidity risk is within the safe range.

The Company has established a liquidity risk management governance structure according to the principle of the segregation of the formulation, implementation and supervision of its liquidity risk management policies, specifying the functions, responsibilities and reporting lines of the Board, senior management, special committees and the relevant departments of the Bank in liquidity risk management in order to enhance the effectiveness thereof. The Company has established a prudent risk appetite in respect of liquidity risks, which better suits the current development stage of the Company.

The Company measures, monitors, and identifies liquidity risks from the perspectives of short-term provision and maturity structure of assets and liabilities, continuously supervises the status of high-quality liquid assets and the compliance with liquidity risk limits, and conducts regular stress tests and emergency drills.

The Company holds a sufficient amount of liquid assets to ensure the satisfaction of its liquidity needs and at the same time has sufficient capital to meet the unexpected payment needs that may arise from daily operation. Furthermore, the Company's internal control system for liquidity risk management is sound and compliant. The Company regularly conducts internal special audits on liquidity risks and prepares and submits an independent audit report to the Board.

The Company pays close attention to the market liquidity trends and regulatory policy changes, and deploys in advance and dynamically adjusts its liquidity management strategy based on the structure of assets and liabilities to ensure that its liquidity risk is within a reasonable and controllable range. During the Reporting Period, the Company focused on strengthening its liquidity risk management in the following areas:

1. Actively managed liabilities through multiple channels and comprehensively utilized monetary and credit policy tools provided by the People's Bank of China, such as relending and medium-term lending facilities, to expand diversified financing channels and improve financing capacity;

2. Consolidated and improved the customer base, and adopted multiple measures to drive steady growth in deposits;

3. Conducted daily liquidity risk management, strengthened market analysis and study and judgment, and improved the capital utilization efficiency on the basis of ensuring the safety of liquidity;

4. Fully considered various macro and micro factors that may affect the Company's liquidity, and improved stress test procedures and conducted stress tests on a quarterly basis in light of changes in the external operating environment, regulatory requirements and the Company's business characteristics and complexity.

As at the end of the Reporting Period, the Company's liquidity coverage ratio and net stable funding ratio are presented below.

Unit: RMB'000

Item of liquidity coverage ratio	30 June 2026	31 December 2025
Qualified and high-quality current assets	**101,515,593**	115,770,660
Net cash outflows in next 30 days	**75,510,971**	54,288,634
Liquidity coverage ratio (%)	**134.44**	213.25

Note: Pursuant to the "Measures for Liquidity Risk Management of Commercial Banks", the liquidity coverage ratio of commercial banks shall not be lower than 100%.

Unit: RMB'000

	30 June 2026		31 March 2026	
Item of net stable funding ratio	The Company	The Bank	The Company	The Bank
Available stable funding	**520,292,676**	**513,608,321**	511,683,317	504,416,665
Required stable funding	**439,439,724**	**418,401,525**	431,473,886	408,791,933
Net stable funding ratio (%)	**118.40**	**122.75**	118.59	123.39

Note: Pursuant to the "Measures for Liquidity Risk Management of Commercial Banks", the net stable funding ratio of commercial banks shall not be lower than 100%.

For more information on the Company's liquidity risk management, please refer to "43(3) Liquidity risk under Notes to the unaudited interim consolidated financial statements" of this interim report.

16.4 Market Risk Management

Market risk is the risk of loss, in respect of the commercial banks' on- and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, stock prices and commodity prices. The Company actively responded to changes in the market environment and solidly promoted market risk management and control. Within the Group's overall risk appetite framework established by the Board of Directors, the Company implemented effective market risk management measures and optimized the allocation of market risk capital, thereby achieving a balanced alignment between risk and return.

The Company has established a market risk management system that is appropriate to the nature, scale and complexity of the business, and the supporting internal control system is sound and compliant. Focusing on the key aspects of market risk management, the Company clarifies management specifications from the following three dimensions: firstly, the responsibilities of the Board, senior management and various departments under the market risk governance structure; secondly, the policies for market risk management and procedures for identification, measurement, monitoring and control; thirdly, the procedures and requirements for market risk reporting, information disclosure, emergency response, and market risk capital measurement. On this basis, the Company strictly implements various regulatory requirements, takes multiple measures to improve the overall effectiveness of market risk management, continues to strengthen dynamic risk monitoring capabilities of various businesses, and builds a solid risk defense line for the long-term and steady development of the business.

16.4.1 Analysis of interest rate risk

The Company distinguishes banking books and trading books according to the rules of the regulatory authorities and traditional banking management practices and adopts corresponding market risk identification, measurement, monitoring and control measures based on the different nature and characteristics of banking books and trading books.

Interest rate risks of the Company's trading books are mainly measured and monitored with methods such as sensitivity analysis, stress tests and scenario simulation. The Company dynamically adjusts its market risk limit management system based on business changes and improves its market risk policy and system framework to ensure that interest rate risk in the trading book remains within a controllable range.

Compared with trading books, the Bank's other businesses are recorded in banking books. The Company quantitatively evaluates the impact of interest rate changes on the Company's net interest income and economic value for different currencies and different sources of risks respectively with methods such as repricing gap analysis, net interest income analysis, economic value analysis and stress tests, and prepares reports based on the analysis results to propose management suggestions and the business adjustment strategy.

During the Reporting Period, the Company closely followed the guidance of regulatory policies, strictly complied with regulatory requirements such as the "Measures for Market Risk Management of Commercial Banks", and steadily improved the professional level of market risk management. Firstly, the Company continuously tracked macroeconomic trends and financial market changes, dynamically monitored core market indicators, comprehensively reviewed potential risk issues in business processes, and consolidated the foundation for market risk prevention and control. Secondly, the Company vigorously advanced the development of its market risk management system, continuously optimized business management processes, expanded the coverage of the system, and leveraged digital means to enhance the automation and systematization of risk management. Thirdly, the Company continuously improved its risk measurement and monitoring system to ensure that business development remains commensurate with its risk management and control capabilities.

16.4.2 *Analysis of interest rate sensitivity*

The Company uses sensitivity analysis to measure the potential impact of changes in interest rates on the Company's net interest income and equity. The following table sets forth the sensitivity analysis results of the Company's net interest income and equity to possible interest rate changes with other variables remaining constant. The impact on net interest income refers to the impact of certain interest rate changes on the net interest income generated by financial assets and liabilities held at the end of the period that are expected to undergo interest rate repricing within one year. The impact on equity includes the impact of certain interest rate changes on equity attributable to the revaluation of fixed interest rate of financial assets measured at fair value through other comprehensive income held at the end of the period.

Unit: RMB'000

Item	**30 June 2026 (Decrease)/ Increase**	31 December 2025 (Decrease)/ Increase
Change in annualized net interest income		
Interest rate increase by 100 bps	**(1,242,219)**	(1,228,498)
Interest rate decrease by 100 bps	**1,242,219**	1,228,498

Unit: RMB'000

Item	**30 June 2026 (Decrease)/ Increase**	31 December 2025 (Decrease)/ Increase
Change in annualized equity		
Interest rate increase by 100 bps	**(2,431,819)**	(2,162,502)
Interest rate decrease by 100 bps	**2,769,419**	2,473,183

The above sensitivity analysis is based on the fact of assets and liabilities having a static interest rate risk structure.

The above analysis reflects the impact of repricing of the Company's assets and liabilities on the Company's annualized calculation of net interest income and equity, mainly based on the following assumptions:

1. Regardless of subsequent changes after the date of the statement of financial position, the analysis is based on the static gap on the date of the statement of financial position;

2. In measuring the effect of changes in interest rates on the Company's net interest income, all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the beginning of the respective periods;

3. Interest rates for deposits with the central bank and demand deposits deposited and absorbed remain unchanged;

4. There is a parallel shift in the yield curve and in interest rates;

5. There are no other changes to the portfolio of assets and liabilities and all positions will be retained and rolled over upon maturity;

6. Other variables (including exchange rates) remain unchanged;

7. No consideration of impact on customers' behavior, market price and off-balance sheet products resulting from interest rate changes.

The analysis did not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Company's net interest income and equity resulting from changes in interest rates may differ from the results of this sensitivity analysis.

16.4.3 *Analysis of exchange rate risk*

The Company's exchange rate risks mainly arise from mismatched currencies in non-RMB assets and liabilities. The Company controls the exchange rate risks to be acceptable to the Company by strictly controlling risk exposures. The Company's exchange rate risk measurement and analysis methods mainly include foreign exchange exposure analysis, scenario simulation analysis and stress tests. During the Reporting Period, the Company paid close attention to exchange rate trends, proactively analyzed the impact of exchange rate changes based on the domestic and foreign macroeconomic situation, and proposed an asset-liability optimization plan. Given the prudent foreign exchange risk appetite, as at the end of the Reporting Period, the scale of the Company's foreign exchange risk exposure had no significant change, and the exchange rate risk level was controllable.

16.4.4 *Analysis of exchange rate sensitivity*

The Company uses sensitivity analysis to measure the possible impact of exchange rate changes on the Company's net profit and equity. The following table sets forth the results of the analysis of exchange rate sensitivity based on the current assets and liabilities on 30 June 2026 and 31 December 2025.

Unit: RMB'000

Item	**30 June 2026 Increase/ (Decrease)**	31 December 2025 Increase/ (Decrease)
Change in annualized net profit and equity		
Foreign exchange rate increase by 100 bps	**214**	267
Foreign exchange rate decrease by 100 bps	**(214)**	(267)

The above sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions:

1. The foreign exchange sensitivity is the gain or loss recognised as a result of 100 basis points fluctuation in the foreign currency exchange rates against RMB (central parity rate) at the closing on the reporting date;

2. The fluctuation of exchange rates by 100 basis points at the date of the statement of financial position is based on the anticipated exchange rates movement over the next year from the date of the statement of financial position;

3. The exchange rates against RMB for all foreign currencies change in the same direction simultaneously;

4. Since the Company's assets and liabilities in other foreign currencies (excluding USD) are not significant in proportion to the total assets and total liabilities, the possible impact of other foreign currencies on the Company's net profit and equity is calculated at the amount converted into USD in the above sensitivity analysis;

5. The foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity;

6. Other variables (including interest rates) remain unchanged;

7. No consideration of impact on customers' behavior and market price resulting from exchange rate changes.

The analysis did not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Company's gain or loss and equity resulting from changes in foreign exchange rates may differ from the results of this sensitivity analysis.

16.5 Operational Risk Management

Operational risk refers to the risk of loss arising from problematic internal procedures, employees, information technology systems, and external events. The Board regards operational risk as one of the major risks faced by the Company and assumes the ultimate responsibility for operational risk management. The senior management assumes the responsibility for the implementation of operational risk management.

During the Reporting Period, the Company focused on strengthening operational risk management in the following aspects: firstly, it optimized the operational risk management system and strengthened the coordinated application of supervision, inspection, and operational risk management tools; secondly, it enhanced the monitoring of key risk indicators and conducted the review and optimization of key operational risk indicators; thirdly, it deepened the development of an operational risk management culture by organizing training sessions such as risk case analysis to foster a sound operational risk management culture; fourthly, it strengthened legal risk prevention and control by analyzing the impact of new regulations and proposing response measures to enhance the Bank's legal risk prevention capabilities.

16.6 Compliance Risk Management

Compliance risk refers to the possibility that financial institutions or their employees will bear criminal, administrative, and civil legal liabilities, property losses, reputation losses, and other negative impacts due to violations of compliance regulations with respect to financial institutions' operating and management behaviors or employee performance behaviors. The Board of Directors assumes the ultimate responsibility for the effectiveness of compliance management, and members of senior management are responsible for implementing compliance management goals. The Chief Compliance Officer bears specific leadership responsibility for the compliance management of the Bank and its employees. The compliance management department, under the leadership of the Chief Compliance Officer, takes the lead in being responsible for compliance management. The principal heads of each department, branch and sub-branch, and subsidiary of the Bank are responsible for implementing the compliance management objectives of their respective departments and institutions, and bear primary responsibility for compliance management within their respective departments and institutions.

During the Reporting Period, the Company aimed at compliant operation and took risk prevention as the prerequisite, continuously enhancing its compliance risk management and control capabilities: firstly, it continued to strengthen the institutional development, paid attention to external regulatory policies and internal operational management needs, and formulated the Bank's compliance management measures, thereby consolidating the institutional cornerstone for steady operation; secondly, it strengthened the capacity building of compliance personnel in performing their duties, formulated work guidelines for the Chief Compliance Officer, compliance officers, and compliance position staff, thereby clarifying the boundaries of duties, standardizing duty performance behaviors, and enhancing duty performance effectiveness; thirdly, it carried out internal control and compliance inspections, deepened the rectification and supervision of issues identified in external inspections, and improved the effectiveness of utilizing internal and external inspection results; fourthly, it organized a number of senior management personnel to participate in compliance training, strengthened compliance awareness and responsibility, and drove the "vast majority" through the "critical minority".

16.7 Money Laundering Risk Management

Money laundering risk refers to the risk that the Company faces when it may be used by money laundering activities in the course of conducting business and operating management. The Company has established a money laundering risk management structure with clear responsibilities, and continuously optimized management mechanisms such as policies, systems, execution, and supervision to improve the level of money laundering and terrorist financing risk management, and provide guarantees for the Company's stable operations.

During the Reporting Period, the Company actively fulfilled its anti-money laundering obligations and continuously improved the quality and effectiveness of money laundering risk management: firstly, it solidly advanced the development of the anti-money laundering internal control system, further consolidating the foundation of money laundering risk management; secondly, it promoted the in-depth advancement of risk assessments, providing support for the formulation of differentiated management strategies and resource allocation; thirdly, it strengthened money laundering risk management in key areas, promoted improvement through inspections, and effectively enhanced the quality and effectiveness of work implementation and execution; fourthly, it actively carried out publicity and education to enhance the risk awareness and duty performance capabilities of all employees.

16.8 Country Risk Management

Country risk refers to the risk that due to economic, political and social changes and events in a country or region, the debtor in that country or region is unable or refuses to pay the Company's debts, or make the Company's business presence in that country or region suffer losses, or make the Company suffer other losses.

Based on the scale and complexity of country risk exposure, the Company formulated the Country Risk Management Measures of Bank of Qingdao Co., Ltd., established a country risk assessment and rating system that effectively combines "external rating mapping + internal expert judgment", and set up "country risk exposure ratio of high-risk countries" to monitor the implementation of country risk preferences. During the Reporting Period, the Company had no country risk exposure in high-risk countries or significant country risk exposure. Country risk exposures were small in scale and low in complexity, and most of them were country risk exposures of financial institutions, with low country risks.

16.9 Reputational Risk Management

Reputational risk refers to the risk that the Company might be negatively evaluated by relevant stakeholders, the public and the media due to its operations and management, the behaviors of its employees or external incidents, which is detrimental to the brand value and normal operation of the Company, or, to the extent, affects the stability of the regional financial market as well as social stability.

During the Reporting Period, the Company steadily improved its reputation risk resilience and emergency response effectiveness, with the overall public opinion situation remaining stable and controllable: firstly, it strengthened the proactive prevention of risk at the source and established a full-chain, normalized reputation risk control management framework encompassing pre-event early warning and investigation, in-event rapid response, and post-event review and rectification; secondly, it implemented solid daily refined management and control by guiding frontline staff to enhance emergency response capabilities through dedicated joint meetings to prevent the escalation of public opinion, and by incorporating response quality and effectiveness into institutional risk assessment through closed-loop public opinion management, thereby transforming rectification results into long-term management effectiveness; thirdly, it enriched diversified brand communication methods and channels for emotional connection with the public, continuously deepening the general public's brand recognition of and trust in the Company.

16.10 Information Technology Risk Management

Information technology risk refers to the potential adverse impact on business continuity, customer information security, and compliance that may arise from latent deficiencies or external threats in technology systems, cybersecurity, and data management.

The Bank continuously improved its prevention and control mechanisms, strengthened network and data security safeguards, and paid attention to risks arising from the application of new technologies such as cloud computing and artificial intelligence: firstly, it consolidated the foundation of technology-based internal control and compliance, and established a three-in-one collaborative linkage mechanism covering "rule formulation, internal control inspections and compliance profiling"; secondly, it enhanced business continuity assurance levels and promoted the transformation and implementation of the data center towards a same-city dual-active architecture; thirdly, it continuously refined the proactive defense-oriented cybersecurity system, strengthened cybersecurity monitoring and early warning, real-time submission of regulatory situational awareness, security testing of critical systems, and artificial intelligence security risk management and control, thereby continuously enhancing cybersecurity protection capabilities and risk governance levels; fourthly, it deepened the development of an integrated research, development, operation and maintenance system, and established an enterprise-level continuous delivery and quality management and control system. During the Reporting Period, the Bank's information systems operated stably, and information technology risks remained generally controllable.

16.11 Data Risk Management

As the Group's data asset scale continues to expand, the demand for systematic support from data capabilities for high-quality development is increasingly growing. While leveraging data to empower business development, the accompanying risks such as data leakage and data misuse have become risk types that coexist with business development and will persist in the long term.

The Company closely followed regulatory policy directions, continuously improved its data risk management system, and steadily enhanced the quality and effectiveness of data risk management: firstly, it improved the data security institutional framework, formulated and revised eight data security policies, further refined data risk prevention requirements, thereby continuously consolidating the foundation of data risk management; secondly, it strengthened the data security technical protection system, promoted the penetration of data risk prevention and control measures throughout key stages including requirements development, operational monitoring, and emergency response, and focused on enhancing technical safeguard capabilities in areas such as network security protection, system security and compliance development, data leakage prevention, and artificial intelligence application security; thirdly, it deepened the development of a data risk culture and capacity building, and conducted tiered and role-specific training in key areas such as data security, data quality, and personal information protection, thereby enhancing data risk protection capabilities. The Company remained committed to transforming institutional development, technical capabilities, and personnel competence into a solid barrier for data risk prevention and control, safeguarding the secure and stable operation of all business and management activities with high-level data risk management.

XVII. ESTABLISHMENT AND IMPLEMENTATION OF THE MARKET VALUE MANAGEMENT SYSTEM AND VALUATION ENHANCEMENT PLAN

In order to strengthen the market value management of the Bank and effectively enhance the Bank's investment value while safeguarding the interests of investors, the Bank has formulated the "Measures for Market Value Management of Bank of Qingdao Co., Ltd." and the "Valuation Enhancement Plan of Bank of Qingdao Co., Ltd." in accordance with the "Guidelines for the Supervision of Listed Companies No. 10 – Market Value Management" and other relevant laws, regulations, rules, normative documents and the requirements prescribed in the Articles of Association, as well as in light of the actual situation of the Bank, specifying the basic principles, division of responsibilities, main methods of market value management and the specific measures to improve corporate quality and investment value. For the specific details of the valuation enhancement plan, please refer to the "Valuation Enhancement Plan of Bank of Qingdao Co., Ltd." published by the Bank on the CNINFO website on 26 March 2025.

XVIII. IMPLEMENTATION OF THE "DUAL IMPROVEMENT IN QUALITY AND RETURNS" ACTION PLAN

In line with its new three-year strategic plan and taking into account operational realities, the Bank formulated and issued an action plan entitled "Dual Improvement in Quality and Returns". For details, please refer to the Announcement on the "Dual Improvement in Quality and Returns" Action Plan published by the Bank on the CNINFO website on 26 March 2026. The Bank conducted a special assessment on the implementation progress of the Action Plan, which was considered and approved at the 32nd meeting of the ninth session of the Board of Directors. For details, please refer to the Announcement on the Progress of the "Dual Improvement in Quality and Returns" Action Plan published by the Bank on the CNINFO website on 27 August 2026.

XIX. DEVELOPMENT PLAN IN THE SECOND HALF OF THE YEAR

19.1 Operating Situation Analysis for the Second Half of the Year

Against the backdrop of an increasingly complex and severe international environment, China forged ahead under pressure and achieved a sound start. In terms of macroeconomy, in the first half of the year, industrial added value grew by 5.4%, with high-tech manufacturing contributing nearly 40% of the total. Foreign trade demonstrated notable resilience, with total imports and exports increasing by 16.9%. Overall, the domestic economy maintained its pattern of "steady production and robust exports". In terms of fiscal policy, the construction of "Two Key Tasks" and "Two Renewals" advanced in an orderly manner, and the fiscal policy of "investing in people" continued to strengthen, creating a policy window for the development of businesses such as public utilities and the elderly care industry. In terms of monetary policy, the central bank returned to a "moderately loose" stance for the first time in 14 years, stepping up support for key areas such as expanding domestic demand, technological innovation, and micro, small and medium-sized enterprises.

19.2 Development Guiding Ideology for the Second Half of the Year

In the second half of the year, the Bank will continue to adhere to the business guiding principle of "increasing volume and improving quality, strengthening the foundation and enhancing capabilities, boosting agility and efficiency, and maintaining stability and sustainability". The Bank will focus on the real economy to increase credit supply, optimize the asset-liability and income structure, and steadily improve operating efficiency. It will consolidate the underlying support in areas such as branch networks, teams, and technology, and drive the shift in development from resource-driven to capability-driven. The Bank will break down barriers between business, technology, and data integration as well as between front, middle, and back offices, and strengthen head office coordination and frontline support. It will build a comprehensive risk management system across all areas, exercise refined control over capital occupation, and firmly uphold the bottom line of safe operations. Through these efforts, the Bank will coordinate and promote the synergistic enhancement of scale, capability, efficiency, and risk control, consolidate the sound development momentum achieved in the first half of the year, and take solid steps on the path to launching the new three-year strategy.

19.3 Major Work Measures in the Second Half of the Year

(1) Deepen the management of high-quality customer groups and solidify the foundation for business development. In terms of corporate customer groups, the Bank will continue to deepen tiered management, consolidate the cooperative advantages of core customer groups, promote scenario expansion and deposit growth for institutional customer groups, and explore the value of inclusive finance customer groups. In terms of transaction banking customer groups, the Bank will continue to exercise refined management, implement differentiated strategies for foreign trade, supply chain, and treasury management customer groups, and enhance business quality, efficiency, and comprehensive contribution. In terms of retail customer groups, the Bank will deepen tiered and classified management, focus on characteristic customer groups to strengthen dedicated operations and support safeguards, and comprehensively improve the quality and efficiency of customer group management. In terms of interbank customer groups, the Bank will refine marketing management and collaboration mechanisms, enrich custody cooperation scenarios, and promote the upgrading from single-product business cooperation to multi-product, multi-level long-term partnerships.

(2) Increase high-quality asset allocation, expand scale and enrich reserves. In terms of corporate loans, the Bank will focus on the eight major tracks, deploy merger and acquisition business, and enhance the quality and efficiency of comprehensive services. In terms of cross-border and supply chain financing, the Bank will continue to enhance product competitiveness and provide more flexible combinations of financing and hedging products. In terms of interbank assets, the Bank will optimize allocation and trading, focus on developing capital-light products, and improve asset returns. In terms of retail loans, the Bank will promote continuous structural optimization, explore distinctive credit solutions for personal business loans, strengthen the comprehensive management of customer groups, and enhance the overall contribution of customer groups.

(3) Continue to exert efforts in liability expansion and achieve synchronous improvement in scale and quality. In terms of corporate deposits, the Bank will continue to increase scale and control costs, with a focus on making breakthroughs in general and low-cost deposits. In terms of retail deposits, the Bank will steadily improve the interest rate structure, dynamically adjust pricing strategies, and accumulate more low-cost deposits. In terms of interbank liabilities, the Bank will promote the optimization of the maturity structure of interbank certificates of deposit and the reduction of issuance costs, and complete the issuance of financial bonds.

(4) Deepen the capital-light transformation and stabilize the income contribution from intermediary business. In terms of corporate banking segment, the Bank will strengthen comprehensive operations and promote business upgrades towards precision marketing, product innovation, and coordinated revenue growth. In terms of transaction banking, the Bank will strengthen its featured transaction finance services and continuously consolidate business growth momentum through functional efficiency enhancement, scenario expansion, and ecosystem collaboration. In terms of retail banking segment, the Bank will improve the full-category product layout for wealth management to support the in-depth exploration of value across tiered customer groups. In terms of interbank business, the Bank will enrich product offerings, build a comprehensive service model, expand into emerging business tracks, and continuously enhance the income contribution from intermediary business and market competitiveness.

(5) The financial leasing subsidiary will deepen its transformation and development, while the wealth management subsidiary will continue to improve quality and enhance efficiency. BQD Financial Leasing will deepen intra-province business collaboration, strengthen its independent marketing efforts targeting district and county-level customers, optimize the business expansion model for markets outside the province, implement the funding business reform plan, and continue to reduce financing costs. BQD Wealth Management will cultivate diversified asset growth drivers, explore low-risk arbitrage opportunities, improve the investment research operation system, and promote the reform of investment-sales integration.

(6) Continue to deepen digital and intelligent transformation and fortify the defense lines of the risk control system. The Bank will coordinate and advance the full-chain deployment of digital and intelligent marketing, digital and intelligent risk control, digital and intelligent operations, and digital and intelligent office, promote the system development and intelligent iteration of the four major scenarios, namely marketing, risk control, operations, and office, and drive the comprehensive enhancement of operational and management efficiency. The Bank will deepen credit research in key industries, promote the iteration and upgrade of the risk control system, and consolidate substantive risk management capabilities. The Bank will adopt categorized strategies for asset preservation, intensify collection efforts, expand non-performing asset disposal channels through diverse approaches, and steadily reduce the scale of non-performing assets.

(7) Continue to enhance user experience and advance brand building in depth. The Bank will improve the mechanism for screening experience data and supervising key issues, establish a closed-loop complaint handling system in alignment with new regulations, and enhance service quality and efficiency. The Bank will formulate a Bank-wide brand strategy, break down and implement tasks and issue frontline development guidelines. By unifying the brand visual system and communication standards and coordinating brand deployment at all levels, the Bank will continuously strengthen the influence of its distinctive brand.

The Bank regards a sound and efficient modern governance system as the core support for its high-quality development, and has continuously deepened the development of a modern enterprise system with Chinese characteristics, so as to steadily unleash the endogenous effectiveness of its governance. During the Reporting Period, the Bank fully implemented laws, regulations and regulatory requirements, firmly upheld the fundamental principle of Party leadership in governance, and promoted the systematic optimization of its governance structure in an orderly manner. The Bank steadily advanced significant adjustments to its governance structure. Leveraging the reform results from the dissolution of the Board of Supervisors, the Bank further consolidated the supervisory duties and responsibilities of the Audit Committee of the Board of Directors during the Reporting Period; improved the composition and professional structure of the Board of Directors; clarified the boundaries of powers and responsibilities among the shareholders' meeting, the Board of Directors and the senior management; streamlined the operational chain of decision-making, supervision and execution; coordinated the revision of supporting governance systems; standardized the performance procedures of various governance bodies; and enhanced the governance mechanisms for shareholder discipline, related party transaction management and control, information disclosure and investor communication. Through these efforts, the Bank continuously enhanced the synergy of the governance structure, the professionalism of the oversight mechanisms and the effectiveness of the operation of governance systems, thereby steadily promoting the modernization of corporate governance.

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

The non-employee Directors of the Bank are nominated by the Board and elected in accordance with the qualifications of Directors and election procedures as specified in the Articles of Association; the employee Directors are nominated by the labor union committee and elected in accordance with the election procedures as specified in the Articles of Association. The following table shows the changes in the Bank's Directors and senior management as at the date of publication of this interim report:

Name	Position held	Type of change	Date of change	Reason of change
ZHANG Shixing	Independent Non-executive Director	Newly elected	10 August 2026	–
LIU Xiaoshu	Employee Director	Newly elected	20 August 2026	–
FAN Xuejun	Former Independent Non-executive Director	Resigned	10 August 2026	Personal Health Reason

II. CHANGES IN INFORMATION OF DIRECTORS

Save as above changes, as at the date of publication of this interim report, there was no other change in the information of the Directors of the Bank which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

III. PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL DURING THE REPORTING PERIOD

As of the date of publication of this interim report, the Bank did not have any profit distribution plan or capital reserve capitalization plan for the first half of 2026.

IV. IMPLEMENTATION OF THE EQUITY INCENTIVE PLAN, EMPLOYEE SHAREHOLDING PLAN OR OTHER EMPLOYEE INCENTIVE MEASURE

There was no implementation of the equity incentive plan, employee shareholding plan or other employee incentive measure of the Bank during the Reporting Period.

V. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of the Bank is responsible for ensuring the establishment and implementation of an adequate and effective internal control system and the Bank's prudent operation under the framework set by laws and policies. The Board of Directors is also responsible for clearly determining the acceptable risk level, ensuring senior management to adopt necessary risk control measures, and supervising senior management on their monitoring and assessment of the adequacy and effectiveness of the risk management and internal control systems.

The Board of Directors of the Bank has established the Audit Committee to be responsible for the supervision of the effective implementation of the Bank's internal control and the self-assessment of risk management and internal control, as well as the coordination of audit on internal control and other relevant matters. Meanwhile, the Audit Committee is responsible for supervising the Board of Directors and senior management in improving the risk management and internal control systems as well as the supervision on the performance of risk management and internal control duties by the Board of Directors, senior management and their members.

The senior management of the Bank is responsible for implementing the decisions of the Board of Directors, formulating systematic policies, procedures and methods based on acceptable risk levels as determined by the Board of Directors and adopting the corresponding risk control measures, establishing and improving the internal structure and institutions, ensuring the effective implementation of various risk management and internal control functions as well as conducting supervision and assessment on the adequacy and effectiveness of the risk management and internal control systems.

Based on rules and regulations including the "Basic Standards for Enterprise Internal Control" and its complementary guidelines and the "Guidelines on Internal Control of Commercial Banks", along with relevant requirements of the SZSE and the Hong Kong Stock Exchange, the Bank has formulated the objectives and principles of internal control and established an internal control system to control the entire process of various operation and management activities, and continuously enhanced the completeness, reasonableness and effectiveness of the internal control system through practice.

The Bank attaches great importance to the construction of an internal control system and has established an all-round internal control system with comprehensive process control, covering all business activities, risk management activities and support and guarantee activities. In accordance with external laws and regulations, supervisory policies, and internal operation and management needs, the Bank formulated and amended the relevant internal control management system in a timely manner, optimized the business management processes and implemented risk control measures, so as to promote the steady operation and sustainable development of the Bank.

During the Reporting Period, no organization or staff of the Bank participated in or was suspected of being involved in any money laundering or terrorism financing activity.

VI. ENVIRONMENTAL INFORMATION DISCLOSURE

Neither the Bank nor its subsidiaries are included in the list of enterprises required to disclose environmental information pursuant to the law. The Bank operates in the monetary financial services industry, and its main business does not generate pollutants as stipulated in the "Measures on the Administration of the List of Key Units of Environmental Supervision" (《環境監管重點單位名錄管理辦法》). In future production and business activities, the Company will faithfully abide by environmental protection laws and regulations such as the "Environmental Protection Law of the People's Republic of China".

VII. SOCIAL RESPONSIBILITY

Deepening Green Finance

The Bank steadfastly implements green and low-carbon development and the "dual carbon" strategy. With green finance as its core focus, the Bank directs financial resources in a targeted manner towards areas such as low-carbon transition, green technology innovation, energy conservation and environmental protection, thereby supporting the green and low-carbon transition of the economy and society.

Strengthening the green finance expertise of all employees. During the Reporting Period, the Bank organized tiered special training sessions across the whole bank covering green finance, environmental information disclosure, and the Taskforce on Nature-related Financial Disclosures (TNFD). It also compiled and published a compendium of green loan statistical cases, thereby continuously enhancing the ability of frontline business personnel to identify green projects and to practise green finance services.

Building a green big data digital platform. The Bank innovatively launched an auxiliary identification platform for green credit, which leverages extensive corporate data to accurately screen green customers and streamline business processes. As of the end of the Reporting Period, the platform had processed over 20 thousand business inquiries, enabling technology-empowered compliant, targeted and efficient deployment of green credit and ensuring that funds directly reach carbon reduction projects.

Improving the green information disclosure mechanism. The Bank is committed to building an information disclosure system that operates on a dual-track basis of policy compliance and international standards, and simultaneously advances its environmental information disclosures and TNFD nature-related information disclosures. In May 2026, the Bank officially released its TNFD report, promoting the standardized management of green businesses across the full workflow through transparent disclosure and strengthening risk prevention and control in respect of carbon emission reduction and biodiversity conservation.

Innovating diversified green finance products. The Bank continued to innovate green finance products. Tailored to green industries such as clean energy, ecological protection, energy conservation and emission reduction, the energy-saving and environmental protection industry chain, and resource recycling and utilization, the Bank developed differentiated credit products and financing instruments to steer capital flows towards low-carbon and technology innovation sectors, helping enterprises reduce carbon emissions and advance industrial transformation.

Promoting Green Operations

Advancing the digitalization and centralization of outlet operations and practising low-carbon outlet operations. During the Reporting Period, the Bank achieved full-scale digitization of newly opened corporate account records, realizing online archiving and full traceability across the entire account lifecycle, thereby balancing compliance management with paperless and low-carbon operations. The Bank advanced the centralized processing of services and completed the centralized processing of online unfreezing services for 85 outlets, covering over 40% of the Bank's outlets. It also established a dedicated "head-to-head" tax inquiry and control line, achieving full coverage of centralized processing of judicial inquiries for all city-level branches of the Bank, thereby freeing up manpower at outlets and streamlining operational resource deployment.

Enhancing the remote online service system and practising low-carbon and convenient services. During the Reporting Period, the Bank continued to expand its online business functions, promoting the development of service features such as off-counter limit adjustment, remote whitelist processing, and remote card issuance via Smart PADs, thereby strengthening the support of its online middle office and reducing the need for customers to visit outlets in person. As of the end of the Reporting Period, the remote counter had cumulatively processed over 0.33 million customer transactions and received over 50 thousand positive customer reviews, effectively implementing the low-carbon and customer-friendly service model of "data travels more, customers travel less".

Supporting Rural Revitalization

The Bank thoroughly implements national strategies for rural revitalization, adheres to its mission of serving the real economy and its philosophy of finance for the people, and has identified rural revitalization as a key area in its bank-wide strategic development. The Bank continuously improves its financial service system for rural revitalization, focuses on the diverse financial needs of county-level development, and constantly optimizes its product offerings and service models, thereby fully supporting the high-quality economic and social development of county-level areas and contributing to rural revitalization.

Underpinned by the "One County, One Specialty" approach, the Bank has built a distinctive financial service system. Through cross-business-line collaboration, the Bank's county-level institutions have expanded their presence at the grassroots level, visiting "One County, One Specialty" industrial clusters in various counties to accurately identify the operational pain points and financing needs of cluster enterprises. The Bank focused on key agriculture-related business entities engaged in agricultural production and operation and agricultural product processing, and continuously increased credit support for distinctive industries. The Bank has rolled out credit arrangements in over 50 distinctive industrial clusters, including the garlic industry in Jinxiang (Jining) and agricultural by-product processing in Laixi, with outstanding loans extended to these industrial clusters exceeding RMB3.6 billion. As at the end of the Reporting Period, the Bank's agricultural-related loan balance reached RMB57.757 billion, representing an increase of RMB9.573 billion, or 19.87%, compared with the end of the last year. The scale of agriculture-related credit deployment has maintained steady growth, and the precision and effectiveness of financial support for rural revitalization have continued to improve.

VIII. PROTECTION OF CONSUMER RIGHTS

The Bank firmly adheres to the political and people-oriented nature of financial work, strictly complies with all applicable regulatory requirements, and fully consolidates its primary responsibility for the protection of financial consumers' rights and interests. It diligently addresses the pressing difficulties and concerns of the public in the financial services sector, and continuously enhances the public's sense of fulfillment and satisfaction in accessing financial services. The Bank has embedded consumer rights protection into its corporate governance system, corporate culture development, and overall business development strategies. It has established and implemented the "Liang Quan San Tou" (兩全三頭) consumer protection working mechanism, promoting coordinated efforts across the Bank to embed consumer protection measures throughout the entire business process, thereby driving innovation and quality enhancement in the protection of financial consumers' rights and interests with higher standards and more concrete measures.

During the Reporting Period, the Bank implemented a series of consumer rights protection management enhancement initiatives, focusing on the work priorities of "improving supporting rules and systems" and "addressing prominent weaknesses and root causes". These initiatives included establishing a standardized financial education system featuring "year-round main themes and quarterly key focuses", conducting special training on consumer rights protection services across all branches, and refining the suitability management system. The Bank organized a series of centralized financial literacy campaigns in an orderly manner, including the "3.15 Financial Consumer Rights Protection Education and Publicity Activities" (3.15金融消費者權益保護教育宣傳活動), the "Financial Knowledge Popularization Journey for Thousands of Miles in Banking Industry" (銀行業普及金融知識萬里行), and the "5.15 Investor Protection Day" (5.15投資者保護宣傳日). Through diversified channels such as promotional video production, publication in print media special supplements, and offline on-site educational activities, the Bank continuously strengthened its collaboration with communities, universities for the senior, schools, sub-district offices, cultural and tourism attractions, and other organizations. It disseminated knowledge and techniques for identifying and preventing telecommunications fraud and illegal fundraising to the general public, effectively enhancing the public's ability to identify various types of financial fraud. Through warm, professional and down-to-earth financial literacy services, the Bank safeguarded the public's property security and fulfilled its corporate social responsibility of serving the people through financial means.

I. UNDERTAKINGS FULFILLED DURING THE REPORTING PERIOD AND UNDERTAKINGS OVERDUE AND NOT FULFILLED AS AT THE END OF THE REPORTING PERIOD BY THE DE FACTO CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, ACQUIRERS, THE BANK AND OTHER PARTIES INVOLVED IN UNDERTAKING

There were no de facto controllers and acquirers of the Bank. The following undertakings have been fulfilled during the Reporting Period:

Reason of undertaking	Party involved in undertaking	Type of undertaking	Details of undertaking	Date of undertaking	Term of undertaking	Particulars on the performance
Other undertakings	Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	Undertaking by major shareholder	Qingdao Haier Industrial Development Co., Ltd. has undertaken not to transfer its shareholding in the Bank within five years from the date of acquisition of the Bank's equity interest, except in exceptional circumstances as required by laws and regulations and regulatory requirements.	1 June 2021	60 months	It has been fulfilled during the Reporting Period

Save as disclosed above, there were no other undertakings fulfilled during the Reporting Period or undertakings overdue and not fulfilled as at the end of the Reporting Period by the Bank, shareholders, related parties of the Bank or other parties involved in the undertaking.

II. APPROPRIATION OF THE LISTED COMPANY'S FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES FOR NON-OPERATING PURPOSES

During the Reporting Period, there was no appropriation of funds of the Bank by the controlling shareholders and other related parties for non-operating purposes. The Bank's largest shareholder and its related parties were also not involved in the above situation.

III. NON-COMPLIANCE WITH EXTERNAL GUARANTEES

During the Reporting Period, there was no violation of external guarantees by the Bank.

IV. ENGAGEMENT OR DISMISSAL OF ACCOUNTING FIRMS

The financial reports in this interim report are unaudited. During the Reporting Period, the Bank did not change its accounting firms.

V. MATTERS RELATED TO BANKRUPTCY AND REORGANIZATION

There was no matter related to bankruptcy and reorganization of the Bank during the Reporting Period.

VI. LITIGATION

Overview	Amount involved	Whether caused estimated liabilities	Current status	Results of trial and effects thereof	Enforcement of judgments	Disclosure date	Disclosure index
The Bank filed a lawsuit in the High Court of the Hong Kong Special Administrative Region on 1 September 2022 regarding a dispute over the agreement with AMTD GLOBAL MARKETS LIMITED.	All entrusted assets under the USD350 million portfolio.	No. The Bank will conduct accounting treatment in accordance with the progress of the litigation and the provisions of the relevant accounting standards.	Officially accepted by the court, hearing not yet commenced.	N/A. The litigation will not affect the normal operation of the Bank, and it is expected that there will be no substantial impact on the profit of the Bank.	N/A	2 September 2022	The Announcement on Litigation published by the Bank on the CNINFO website (Announcement No. 2022-052)

Note: AMTD GLOBAL MARKETS LIMITED has been renamed as oOo Securities (HK) Group Limited.

The Bank was not involved in any new material litigation or arbitration during the Reporting Period. As at the end of the Reporting Period, the Bank as the complainant was involved in several litigations in the course of its daily operation due to, among other things, the settlement of loans; the Bank as the defendant was involved in 15 pending litigation cases amounting to RMB2.9586 million. The Bank anticipates that these litigations will not have a material adverse impact on its financial or operating results, no estimated liability arose from litigation.

VII. PUNISHMENT AND RECTIFICATION

During the Reporting Period, the Bank was not suspected of any crime and subject to investigation according to the law. Its Directors and senior management were not suspected of any crime and were imposed compulsory measures according to the law. The Bank, its Directors and senior management did not receive any criminal punishment, or were not suspected of breach of law or regulation and subject to investigation by the CSRC or administrative penalties by the CSRC, or were imposed significant administrative penalties by other competent authorities. Directors and senior management of the Bank were not detained by the discipline inspection and supervision authority that prevented him/her from discharging duties due to suspected serious breach of discipline or law or duty-related crimes, or imposed coercive measures by other competent authorities that prevented him/her from discharging duties due to suspected breaches of laws or regulations.

VIII. CREDIBILITY OF THE BANK, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

The Bank has no controlling shareholders or de facto controllers. During the Reporting Period, none of the largest shareholder of the Bank or its de facto controller failed to perform obligations determined by any effective court judgment or settle any significant debts that have fallen due.

IX. RELATED PARTY TRANSACTIONS

9.1 Related Party Transactions during the Ordinary Course of Business

The Bank conducted related party transactions by strictly following the relevant regulations of the regulatory authorities and rules for management of related party transactions formulated by the Bank.

According to the requirements of the National Financial Regulatory Administration, the Bank reviews and approves related party transactions based on commercial principles and on terms no more favorable than similar transactions with non-related parties. The terms of such transactions are fair and reasonable and in the interests of all shareholders and the Bank as a whole, and there is no negative impact on the operating results and financial position of the Bank. Among which, all credit-related related party transactions were conducted in accordance with relevant laws and regulations, credit granting conditions of the Bank and the review procedures, and could be recovered normally.

According to the requirements of the National Financial Regulatory Administration, during the Reporting Period, there were 6 proposals on significant related party transactions approved by the Board, which were transactions with Conson Group, one related enterprise of Haier Group, Lingong Heavy Machinery Co., Ltd. and BQD Wealth Management. As at the end of the Reporting Period, the Bank's net of credit-related significant related party transactions was RMB3.011 billion, the details of which are as follows:

Unit: RMB in 100 million

Name of related party	Type of business	Balance of credit-related significant related party transactions	Net credit after deducting margin	Percentage of the net capital as at the end of the Reporting Period (%)
BQD Financial Leasing Company Limited (青島青銀金融租賃有限公司)	Bond investment, Interbank borrowing	11.00	11.00	2.00
Haier Group (Qingdao) Jinying Holdings Co., Ltd. (海爾集團(青島)金盈控股有限公司)	Medium-term working capital loan	7.79	7.79	1.41
Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限責任公司)	Bond investment	5.70	5.70	1.03
Haitian (BVI) International Investment Development Limited	Bond investment	3.41	3.41	0.62
Qingdao Haili Living Technology Co., Ltd. (青島海驪住居科技股份有限公司)	Supply chain financing	1.73	1.73	0.31
BQD Wealth Management Company Limited (青銀理財有限責任公司)	Interbank borrowing	0.25	0.25	0.05
Qingdao Mindray Ecological Environment Technology Co., Ltd. (青島邁帝瑞生態環境科技有限公司)	Short-term working capital loan	0.10	0.10	0.02
Qingdao Haiyu Jincheng Investment Co., Ltd. (青島海禦錦程投資有限公司)	Short-term working capital loan	0.10	0.10	0.02
Haier Group Finance Co., Ltd. (海爾集團財務有限責任公司)	Interbank bill credit	0.03	0.03	0.005

Note: According to the relevant requirements of the National Financial Regulatory Administration, the proportion of the net amount of credit-related significant related party transactions as set out in the above table to the net capital as at the end of the Reporting Period is calculated on the basis of the net capital of the parent company of the Bank.

According to the provisions of the CSRC and SZSE, the Bank has made a forecast of the ordinary related party transactions in 2026 and published the Announcement on the Estimated Ordinary Related Party Transactions in 2026 (Announcement No.: 2026-007) dated 26 March 2026, and the Announcement on Adjustment to the Estimated Amount of the Ordinary Related Party Transactions in 2026 (Announcement No.: 2026-014) dated 28 April 2026 on CNINFO website. The related party transactions during the Reporting Period have not exceeded the forecast or did not need to be disclosed separately. The details of which are as follows:

(1) Qingdao Conson Development (Group) Co., Ltd. and its related parties: The balance of credit-related transactions was RMB1,951 million at the end of the Reporting Period (including the balance of credit-related transactions between BQD Wealth Management and Qingdao Conson Development (Group) Co., Ltd. of RMB220 million). The balance of deposit transactions was RMB174 million, and the actual amount of other non-credit transactions was RMB70,000 at the end of the Reporting Period (including a transaction amount of RMB2,000 from non-credit transactions conducted between BQD Wealth Management and a related party of Conson Group);

(2) Haier Group Corporation and its related parties: The net amount of credit-related transactions was RMB2,665 million at the end of the Reporting Period. The balance of deposit transactions was RMB46 million and there was no actual amount of other non-credit transactions at the end of the Reporting Period;

(3) Intesa Sanpaolo S.p.A. and its related parties: There was no balance of credit-related transactions and deposit transactions at the end of the Reporting Period. The actual amount of other non-credit transactions was RMB2 million at the end of the Reporting Period, which included a transaction amount of RMB0.9 million from non-credit transactions conducted between BQD Wealth Management and a related party of Intesa Sanpaolo S.p.A.;

(4) BQD Financial Leasing Company Limited: The balance of credit-related transactions was RMB1,100 million at the end of the Reporting Period. There was no balance of deposit transactions, and the actual amount of other non-credit transactions was RMB10,000 at the end of the Reporting Period;

(5) BQD Wealth Management Company Limited: The balance of credit-related transactions was RMB25 million at the end of the Reporting Period. The balance of deposit transactions was RMB100 million and the actual amount of other non-credit transactions was RMB1,089 million at the end of the Reporting Period;

(6) Qingdao Rural Commercial Bank Co., Ltd.: The balance of credit-related transactions was RMB284 million at the end of the Reporting Period. There was no balance of deposit transactions and the actual amount of other non-credit transactions was RMB40,000 at the end of the Reporting Period;

(7) Shandong Laiwu Rural Commercial Bank Co., Ltd.: There was no balance of credit-related transactions, no balance of deposit transactions, and no actual amount of other non-credit transactions at the end of the Reporting Period;

(8) Liqun Commercial Group Co., Ltd.: It was no longer a related party of the Bank;

(9) Lingong Heavy Machinery Co., Ltd.: The balance of credit-related transactions was RMB78 million at the end of the Reporting Period (including the balance of credit-related transactions between BQD Wealth Management and Lingong Heavy Machinery Co., Ltd. of RMB38 million). There was no balance of deposit transactions, and the actual amount of other non-credit transactions was RMB1 million at the end of the Reporting Period;

(10) Qingdao Laixi Yuantai Rural Bank Company Limited: There was no balance of deposit transactions at the end of the Reporting Period;

(11) Shandong Rike Chemical Co., Ltd.: The net amount of credit-related transactions was RMB36 million at the end of the Reporting Period. The balance of deposit transactions was RMB4 million at the end of the Reporting Period;

(12) Songli Holdings Group Co., Ltd.: The balance of credit-related transactions was RMB3 million at the end of the Reporting Period. The balance of deposit transactions was RMB80,000 at the end of the Reporting Period;

(13) Qingdao Port International Co., Ltd.: The balance of credit-related transactions was RMB7 million at the end of the Reporting Period. There was no balance of deposit transactions at the end of the Reporting Period;

(14) Bank of Qingdao Charitable Foundation in Qingdao City: There was no balance of deposit transactions and no actual amount of other non-credit transactions at the end of the Reporting Period;

(15) Standard Testing Group Co., Ltd.: There were no balances of credit-related transactions or deposit transactions at the end of the Reporting Period;

(16) Related natural persons: The balance of credit-related transactions was RMB252 million, and the risk exposure was RMB252 million at the end of the Reporting Period. The balance of deposit transactions was RMB958 million and there was no actual amount of other non-credit transactions at the end of the Reporting Period.

9.2 Related Party Transactions in connection with Acquisition or Sale of Assets or Equity Interest

There was no related party transaction of the Bank in connection with acquisition or sale of assets or equity interest during the Reporting Period.

9.3 Related Party Transactions in connection with Joint External Investment

There was no related party transaction of the Bank in connection with joint external investment during the Reporting Period.

9.4 Related Creditors' Rights and Debts Transactions

There was no non-operating related creditors' rights and debts transaction of the Bank during the Reporting Period.

9.5 Transactions with Related Financial Companies

During the Reporting Period, there were no deposits, loans, credit extension or other financial business between the Bank and the financial companies that were related to the Bank. As at the end of the Reporting Period, the facilities of RMB200 million granted by the Bank to Haier Group Finance Co., Ltd. were for holders of bank acceptance bills issued by Haier Group Finance Co., Ltd. to pledge bank acceptance bills with the Bank, and the Bank had no direct business dealings with Haier Group Finance Co., Ltd.

9.6 Transactions between Financial Companies Controlled by the Bank and Related Parties

The Bank does not control any financial companies.

9.7 Other Significant Related Party Transactions

There was no other significant related party transaction of the Bank during the Reporting Period.

X. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

10.1 Custody, Contracting and Leasing

There was no matter related to custody, contracting, and leasing of assets of other companies by the Bank, or matter related to custody, contracting, and leasing of assets of the Bank by other companies which occurred during the Reporting Period or in previous periods and carried over into the Reporting Period that resulted in gains or losses to the Bank in excess of 10% of its total profit for the year.

10.2 Significant Guarantees

The guarantee business is in the ordinary course of the Bank. There was no significant guarantee matter out of the Bank's normal scope of business that needs to be disclosed during the Reporting Period.

10.3 Entrusted Wealth Management

The Bank did not have any entrusted wealth management out of its normal scope of business during the Reporting Period.

10.4 Other Material Contracts

There were no other material contracts of the Bank during the Reporting Period.

XI. REGISTRATION FORM FOR RECEPTION OF ACTIVITIES SUCH AS SURVEYS, COMMUNICATIONS AND INTERVIEWS DURING THE REPORTING PERIOD

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and material provided	Index of the basic particulars of the survey
16 January 2026	Head office of the Bank	On-site survey	Institutions	ZHANG Xiaohui from Cinda Securities, LIN Qiqu from Dacheng Fund, YAO Chengyu from Bosera Fund	Oral discussion on the deposit growth and credit allocation of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 16 January 2026
2 April 2026	Head office of the Bank	On-site survey and online live-streaming	Institutions	NI Jun from GF Securities, MA Xiangyun and XIE Jintong from Changjiang Securities, CHEN Shaoxing from Industrial Securities, YUAN Zheqi from Ping An Securities, DONG Wenxin from Everbright Securities, QI Xing from Northeast Securities, LIN Jinlu from Dongxing Securities, MA Ruichao from China Merchants Securities, LIN Nan from CITIC Securities, WEN Xueyang from Guolian Minsheng Securities, CHEN Huiqin from Guotai Haitong Securities, YU Bowen from Orient Securities, XU Anni from Zheshang Securities, ZHU Guangyue from Guosheng Securities, DING Huangshi from Huayuan Securities, XU Ningbi from Guohai Securities, LIN Wanhui from Huachuang Securities, CHENG Xiaokai from Western Securities, ZHU Xiaoyun from Kaiyuan Securities, ZHANG Xuzheng from Guosen Securities, media reporters and other investors who participated in this performance conference through live webcast	Exchanges on the 2025 performance and operating conditions of the Bank and the Bank provided relevant presentations	Please refer to the Investor Relations Activity Record Form and its attachments published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 2 April 2026

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and material provided	Index of the basic particulars of the survey
7 May 2026	Head office of the Bank	Online survey	Institutions	XIAO Feifei and LIN Nan from CITIC Securities, and other investors present at the meeting	Oral discussion on the profitability and credit allocation of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 7 May 2026
8 May 2026	Panorama Network	Online communication on network platform	Others	Investors who participated in the Online Collective Reception Day for Investors through Panorama Network	Oral discussion on the market value management of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 8 May 2026
11 May 2026	Head office of the Bank	Online survey	Institutions	WANG Zihan from Goldman Sachs Securities, and other investors present at the meeting	Oral discussion on the corporate business and profitability of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 11 May 2026
11 May 2026	Head office of the Bank	Online survey	Institutions	ZHOU Antong and CHENG Xiaokai from Western Securities, and other investors present at the meeting	Oral discussion on the business progress relating to the "Five Major Aspects" and international business of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 11 May 2026

Date of reception	Site of reception	Way of reception	Type of recipient	Recipient	Major discussion points and material provided	Index of the basic particulars of the survey
21 May 2026	Head office of the Bank	Online survey	Institutions	LIU Chengxiang from Kaiyuan Securities, and other investors present at the meeting	Oral discussion on the layout strategy of outlets and credit asset quality of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 21 May 2026
5 June 2026	Head office of the Bank	On-site survey	Institutions	ZHANG Weifeng and XIE Peijing from Orient Securities Asset Management, HE Yue from AEGON-INDUSTRIAL Fund, ZHANG Xiaohui and WANG Yu from GF Securities	Oral discussion on the net interest margin and international business of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 5 June 2026
26 June 2026	Head office of the Bank	Online survey	Institutions	WANG Zihan from Goldman Sachs Securities, and other investors present at the meeting	Oral discussion on the credit allocation and capital management of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 26 June 2026
26 June 2026	Head office of the Bank	Online survey	Institutions	Sharon LI from Millennium Capital	Oral discussion on the layout strategy of outlets and capital management of the Bank, etc., and the Bank did not provide relevant material	Please refer to the Investor Relations Activity Record Form published by the Bank on CNINFO website (http://www.cninfo.com.cn/) dated 26 June 2026

XII. OTHER MATTERS OF SIGNIFICANCE

12.1 Acquisition, Merger and Disposal of Assets during the Reporting Period

During the Reporting Period, the Bank did not engage in any material acquisition, merger and disposal of assets.

12.2 Significant Commitment and Entrusted Asset Management

During the Reporting Period, save for commitment and entrusted asset management business within the scope of its normal business, the Bank did not have any other significant commitments and entrusted asset management that need to be disclosed. Please refer to the Notes to the unaudited interim consolidated financial statements of this interim report for the specifics of guarantee and commitments.

12.3 Publication of Interim Report

This interim report prepared in both Chinese and English by the Bank in accordance with the IFRS Accounting Standards and Hong Kong Listing Rules is available at the HKEXnews website of the Hong Kong Stock Exchange and the website of the Bank. In case of any discrepancy in interpretation between the two versions, the Chinese version shall prevail. This interim report has been reviewed by the Audit Committee of the Board of Directors.

The interim report in Chinese prepared by the Bank in accordance with the Accounting Standards for Business Enterprises and the semi-annual report compilation rules is available at the website of the SZSE and the website of the Bank.

12.4 Representation on Compliance with the Hong Kong Listing Rules

The Bank has adopted the required standard set by the Model Code as the code of conduct for securities transactions by its Directors. Having made enquiries to all Directors, the Bank confirmed that they had complied with the above Model Code for transactions in the Bank's securities during the Reporting Period.

During the Reporting Period, the Bank strictly complied with all the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules, and adopted the recommended best practices as set out therein where appropriate.

XIII. MAJOR ISSUES OF THE BANK'S SUBSIDIARIES

During the Reporting Period, the Bank's subsidiaries had no major issues that need to be disclosed.

I. CHANGES IN SHAREHOLDINGS

1.1 Changes in Shareholdings

During the Reporting Period, changes in shareholdings of the Bank are as follows:

Unit: share

Items	As at 31 December 2025		Increase/decrease (+/-) during the Reporting Period					As at 30 June 2026	
	Number of shares	Percentage %	New issue	Bonus issue	Conversion from reserves	Others	Sub-total	Number of shares	Percentage %
I. Shares with selling restrictions	415,987,838	7.15	–	–	–	-409,773,344	–409,773,344	**6,214,494**	**0.11**
1. State-owned shares	–	–	–	–	–	–	–	**-**	**-**
2. Shares held by state-owned legal entities	–	–	–	–	–	–	–	**-**	**-**
3. Shares held by other domestic investors	415,987,838	7.15	–	–	–	-409,773,344	–409,773,344	**6,214,494**	**0.11**
Of which: Shares held by domestic non–state-owned legal entities	415,079,083	7.13	–	–	–	-409,693,339	–409,693,339	**5,385,744**	**0.09**
Shares held by domestic natural individuals	908,755	0.02	–	–	–	-80,005	–80,005	**828,750**	**0.02**
4. Shares held by foreign investors	–	–	–	–	–	–	–	**-**	**-**
Of which: Shares held by foreign legal entities	–	–	–	–	–	–	–	**-**	**-**
Shares held by foreign natural individuals	–	–	–	–	–	–	–	**-**	**-**
II. Shares without selling restrictions	5,404,366,886	92.85	–	–	–	409,773,344	409,773,344	**5,814,140,230**	**99.89**
1. RMB ordinary shares	3,112,421,412	53.47	–	–	–	409,773,344	409,773,344	**3,522,194,756**	**60.51**
2. Domestic listed foreign shares	–	–	–	–	–	–	–	**-**	**-**
3. Overseas listed foreign shares	2,291,945,474	39.38	–	–	–	–	–	**2,291,945,474**	**39.38**
4. Others	–	–	–	–	–	–	–	**-**	**-**
III. Total number of shares	5,820,354,724	100.00	–	–	–	–	–	**5,820,354,724**	**100.00**

Notes:

1. During the Reporting Period, the changes in the Bank's shares were mainly due to the release of selling restrictions for shares issued prior to the issuance of A shares. The above changes in the shares do not involve any regulatory approval or share transfer.

2. The Bank did not conduct share repurchase during the Reporting Period.

3. During the Reporting Period, there was no change in the total number of shares of the Bank and the changes in shares as shown above had no impact on the financial indicators.

1.2 Changes of Shares with Selling Restrictions

During the Reporting Period, the change in the shares with selling restrictions of the Bank was due to the release of selling restrictions for shares issued prior to the issuance of A shares, the details of which are as follows:

Name of shareholders	Number of restricted shares at the beginning of the period	Number of restricted shares unlocked during the period	Number of restricted shares increased during the period	Number of restricted shares at the end of the period	Reason for the selling restrictions	Date of unlocking the restricted shares
10 natural individual shareholders	80,005	80,005	–	–	Shares with selling restrictions before the initial issue	16 January 2026
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	409,693,339	409,693,339	–	–	Locked up in compliance with banking regulatory requirements, as described in the note below	1 June 2026
Total	409,773,344	409,773,344	–	–	–	–

Notes:

1. For details of the unlocking of restricted shares of the 10 natural individual shareholders listed in the table above, please refer to the Indicative Announcement for the Listing and Circulation of Shares Issued Prior to the Initial Public Offering of A Shares published by the Bank on the CNINFO website dated 14 January 2026 (Announcement No.: 2026-001).

2. Qingdao Haier Industrial Development Co., Ltd., a shareholder of the Bank, acquired 409,693,339 shares with selling restrictions before the initial issue from Qingdao Haier Investment and Development Co., Ltd., and the transfer was completed on 1 June 2021. Pursuant to the provisions of the Interim Measures for the Equity Management of Commercial Banks, Qingdao Haier Industrial Development Co., Ltd. is a major shareholder of the Bank and has undertaken in writing that, except under special circumstances as provided by laws, regulations and regulatory requirements, it would not transfer the equity interests held by it within five years from the date of acquisition of such equity interests in the Bank. For details of the unlocking of the restricted shares of Qingdao Haier Industrial Development Co., Ltd. listed in the table above, please refer to the Indicative Announcement for the Listing and Circulation of Shares Issued Prior to the Initial Public Offering of A Shares published by the Bank on the CNINFO website dated 28 May 2026 (Announcement No.: 2026-017).

II. SECURITIES ISSUANCE AND THE LISTING

During the Reporting Period, the Bank did not issue any new ordinary shares or preference shares, and there were no public offerings of corporate bonds to be listed on stock exchanges.

III. NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS IN THE BANK

3.1 The Shareholders of the Bank

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	39,852	Total number of preference shareholders whose voting rights were resumed at the end of the Reporting Period	–

Shareholdings of shareholders who hold more than 5% of the shares or shareholdings of the top ten shareholders

Name of shareholders	Nature of shareholders	Percentage of shareholding	Number of shares held as at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of shares with selling restrictions held	Number of shares without selling restrictions held	Shares pledged, tagged or locked-up: Status of shares	Shares pledged, tagged or locked-up: Number of shares
Hong Kong Securities Clearing Company Nominees Limited (香港中央結算(代理人)有限公司)	Overseas legal entity	17.58%	1,023,190,583	-6,796,910	–	1,023,190,583	Unknown	Unknown
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	Overseas legal entity	17.50%	1,018,562,076	–	–	1,018,562,076	–	–
Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. (青島國信產融控股(集團) 有限公司)	State-owned legal entity	16.24%	945,453,466	47,830,223	–	945,453,466	–	–
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	Domestic non-state-owned legal entity	9.15%	532,601,341	–	–	532,601,341	–	–
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	Domestic non-state-owned legal entity	4.88%	284,299,613	–	–	284,299,613	–	–
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	Domestic non-state-owned legal entity	3.25%	188,886,626	–	–	188,886,626	–	–
Qingdao Hairen Investment Co., Ltd. (青島海仁投資有限責任公司)	Domestic non-state-owned legal entity	2.99%	174,083,000	–	–	174,083,000	–	–
Qingdao China Prosperity State-Owned Capital Investment Operation Group Co., Ltd. (青島華通國有資本投資運營集團有限公司)	State-owned legal entity	2.12%	123,457,855	–	–	123,457,855	–	–
Qingdao Jifa Group Co., Ltd. (青島即發集團股份有限公司)	Domestic non-state-owned legal entity	2.03%	118,227,213	–	–	118,227,213	–	–
Guosen Securities Company Limited (國信證券股份有限公司)	State-owned legal entity	1.18%	68,429,792	5,900	–	68,429,792	–	–

Strategic investors or general legal entities becoming one of the top ten shareholders of the Bank as a result of placing of new shares	N/A
Description of the related relationships or acting in concert among the above shareholders	Among the shareholders listed in the table above, Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Haier Smart Home Co., Ltd. are all under Haier Group and are parties acting in concert. Among the above-mentioned shareholders, the Bank is not aware of any related relationships among other shareholders or whether they are parties acting in concert.
Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with, the voting the above shareholders abstained from	Among the shareholders listed in the table above, Qingdao Haier Industrial Development Co., Ltd. and Qingdao Haier Air-Conditioner Electronics Co., Ltd. have entrusted Haier Smart Home Co., Ltd. to exercise the voting rights of the shareholders corresponding to their shares.
Special description of the existence of a specific repurchase account among the top ten shareholders	N/A

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholders	Number of shares held without selling restrictions as at the end of the Reporting Period	Types of shares	Number
Hong Kong Securities Clearing Company Nominees Limited (香港中央結算(代理人)有限公司)	1,023,190,583	Overseas listed foreign shares	1,023,190,583
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	1,018,562,076	Overseas listed foreign shares	1,018,562,076
Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. (青島國信產融控股(集團)有限公司)	945,453,466	RMB ordinary shares	695,653,466
		Overseas listed foreign shares	249,800,000
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	532,601,341	RMB ordinary shares	532,601,341
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	284,299,613	RMB ordinary shares	284,299,613
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	188,886,626	RMB ordinary shares	188,886,626
Qingdao Hairen Investment Co., Ltd. (青島海仁投資有限責任公司)	174,083,000	RMB ordinary shares	174,083,000
Qingdao China Prosperity State-Owned Capital Investment Operation Group Co., Ltd. (青島華通國有資本投資運營集團有限公司)	123,457,855	RMB ordinary shares	123,457,855
Qingdao Jifa Group Co., Ltd. (青島即發集團股份有限公司)	118,227,213	RMB ordinary shares	118,227,213
Guosen Securities Company Limited (國信證券股份有限公司)	68,429,792	RMB ordinary shares	68,429,792

Explanation on the related relationships or acting in concert among the top ten shareholders without selling restrictions and that between the top ten shareholders without selling restrictions and the top ten shareholders	Qingdao Haier Industrial Development Co., Ltd., Qingdao Haier Air-Conditioner Electronics Co., Ltd. and Haier Smart Home Co., Ltd. are all under Haier Group, and Qingdao Haier Industrial Development Co., Ltd. and Qingdao Haier Air-Conditioner Electronics Co., Ltd. have entrusted Haier Smart Home Co., Ltd. to exercise the voting rights of the shareholders corresponding to their shares. The Bank is not aware of any related relationships among the remaining top ten ordinary shareholders without selling restrictions and that between the remaining top ten ordinary shareholders without selling restrictions and the top ten ordinary shareholders or whether they are parties acting in concert.
Explanation on the margin trading and securities lending by top ten ordinary shareholders	The Bank is not aware of margin trading and securities lending business and refinancing business by holder of shares in which Hong Kong Securities Clearing Company Nominees Limited acts as an agent; as at the end of the Reporting Period, the remaining shareholders among the top ten ordinary shareholders did not participate in margin trading and securities lending business and refinancing business.
Notes	1. Among the total number of ordinary shareholders as at the end of the Reporting Period, there are 39,710 A Share shareholders and 142 H Share registered shareholders; 2. The shares held by Hong Kong Securities Clearing Company Nominees Limited are the total number of shares in the Bank's H shareholders accounts traded on the trading platform of Hong Kong Securities Clearing Company Nominees Limited by it as an agent; 3. As at the end of the Reporting Period, Intesa Sanpaolo S.p.A., as a H share registered shareholder of the Bank, held 1,015,380,976 H shares, and the remaining 3,181,100 H shares were agented to and under the name of Hong Kong Securities Clearing Company Nominees Limited. In this table, the agent shares have been deducted from the number of shares held by Hong Kong Securities Clearing Company Nominees Limited; 4. As at the end of the Reporting Period, Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. held 695,653,466 A shares of the Bank and 249,800,000 H shares of the Bank via Hong Kong Stock Connect. These H shares were registered under the name of HKSCC Nominees Limited, and in this table, those agented shares have been deducted from the number of shares held by HKSCC Nominees Limited;

5. Qingdao Haier Industrial Development Co., Ltd. planned to reduce its shareholding in the Bank by 107,094,500 shares through block trades from 26 June 2026 to 25 September 2026, representing 1.84% of the total number of shares of the Bank. As of the end of the Reporting Period, Qingdao Haier Industrial Development Co., Ltd. had not yet implemented the share reduction. From 8 July 2026 to 14 July 2026, Qingdao Haier Industrial Development Co., Ltd. reduced its shareholding in the Bank's A shares by an aggregate of 107,094,500 shares through block trades, and the share reduction plan was fully implemented. For details, please refer to the "Announcement on the Preliminary Disclosure of Shareholding Reduction by a Shareholder with Shareholding More Than 5%"《關於持股5%以上股東減持股份的預披露公告》 (Announcement No. 2026-020) dated 2 June 2026, the "Indicative Announcement Regarding Changes in Equity Interests of a Shareholder with Shareholding More Than 5% Reaching 1% Integer Threshold"《關於持股5%以上股東權益變動觸及1%整數倍的提示性公告》 (Announcement No. 2026-025) dated 9 July 2026, the "Indicative Announcement Regarding Changes in Equity Interests of a Shareholder with Shareholding More Than 5% Reaching 1% Integer Threshold"《關於持股5%以上股東權益變動觸及1%整數倍的提示性公告》 (Announcement No. 2026-026) dated 15 July 2026, and the "Announcement on the Completion of the Shareholding Reduction Plan by a Shareholder with Shareholding More Than 5%"《關於持股5%以上股東減持計劃實施完畢的公告》 (Announcement No. 2026-027) published by the Bank on the CNINFO website.

6. The top 10 ordinary shareholders and the top 10 ordinary shareholders without selling restrictions of the Bank did not conduct transactions on agreed repurchases during the Reporting Period.

3.2 Participation in Shares Lent Through Securities Lending and Refinancing by Shareholders Who Hold More Than 5% of the Shares, the Top 10 Shareholders and the Top 10 Shareholders Without Selling Restrictions

The Bank is not aware of the participation in shares lent through securities lending and refinancing by holders of shares represented by Hong Kong Securities Clearing Company Nominees Limited. Other shareholders of the Bank, including shareholders who hold more than 5% shares, the top 10 shareholders and the top 10 shareholders without selling restrictions did not participate in shares lent through securities lending and refinancing at the beginning and end of the Reporting Period.

3.3 The Changes Resulting from Shares Lent/Returned Through Securities Lending and Refinancing by the Top 10 Shareholders and the Top 10 Shareholders Without Selling Restrictions as Compared to the Previous Period

Compared with the end of the first quarter of 2026, the changes in the Bank's top 10 shareholders and the top 10 shareholders without selling restrictions as of the end of the Reporting Period are not relevant to shareholders' participation in the securities lending and refinancing business.

IV. CHANGES IN SHAREHOLDINGS OF DIRECTORS AND SENIOR MANAGEMENT

There were no changes in the shareholdings of the Bank's Directors and senior management during the Reporting Period. For details, please refer to the 2025 annual report of the Bank.

So far as the Directors and chief executives of the Bank are aware, as at the end of the Reporting Period, the interests and short positions of the Directors and chief executives in the issued shares, underlying shares, debentures or equity derivatives of the Bank or any of its associated corporations (as defined in Part XV of the SFO) which are required to be recorded in the register referred to in section 352 of the SFO, or interests and short positions which are required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code, are as follows:

Name of Director/ chief executive	Type of shares	Capacity	Number of shares held	Percentage of the total number of ordinary shares[Note]	Percentage of the total number of A Shares[Note]	Long position/ Short position
CHEN Shuang	A shares	Beneficial owner	455,000	0.01%	0.01%	Long position

Note: The aforementioned percentages are calculated according to the total number of shares of 5,820,354,724 shares and the total number of A shares of 3,528,409,250 shares of the Bank at the end of the Reporting Period.

Save as disclosed above, so far as the Directors and chief executives of the Bank are aware, as at the end of the Reporting Period, there were no other Directors or chief executives of the Bank who had any interests or short positions in the shares, underlying shares, debentures and equity derivatives of the Bank or any of its associated corporations (as defined in Part XV of the SFO) which are required to be recorded in the register referred to in section 352 of the SFO, or interests and short positions which are required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

V. CHANGES IN CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

As at the end of the Reporting Period, the Bank did not have any controlling shareholder or de facto controller.

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

During the Reporting Period, the Company had not purchased, sold and redeemed any listed securities of the Bank (including sale of treasury shares as ascribed under Hong Kong Listing Rules). As of the end of the Reporting Period, the Bank did not hold any such treasury shares.

VII. SUBSTANTIAL SHAREHOLDERS OF THE BANK

1. Qingdao Conson Development (Group) Co., Ltd. (青島國信發展(集團)有限責任公司)

Qingdao Conson Development (Group) Co., Ltd. (unified social credit code: 913702006752895001) was established on 17 July 2008 with LIU Luqiang as its legal representative and a registered capital of RMB5.0 billion. It is a wholly state-owned company in Qingdao, and it is mainly engaged in the operation of state-owned capital and state-owned equity interests, investments, capital operation and assets management.

Qingdao Conson Development (Group) Co., Ltd. has closely followed the urban development strategy and served the overall situation of urban development. It has established three main business sectors, namely modern marine industry investment and operation, capital operation and industry-finance services, and infrastructure construction and operation. The Group has a domestic main credit rating of AAA and an international credit rating of BBB+ (Fitch) and has been assessed as an A-class enterprise by the Municipal State-owned Assets Supervision and Administration Commission for many consecutive years.

As at the end of the Reporting Period, Qingdao Conson Development (Group) Co., Ltd. held a total of 1,163,301,396 shares of the Bank via three subsidiaries, including 695,654,116 A shares and 467,647,280 H shares, which together accounted for 19.99% of the total ordinary share capital. The above shares were not pledged or frozen. Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd., being one of the three companies, recommended Mr. DENG Youcheng as a Director to the Bank. The three subsidiaries are persons acting in concert. The controlling shareholder and the de facto controller of Qingdao Conson Development (Group) Co., Ltd. is the State-owned Assets Supervision and Administration Committee of the Qingdao Municipal People's Government, and its ultimate beneficiary is itself. The listed company it can control is Baiyang Aquatic Group, Inc. (collectively accounting for 30.22% of equity interests). Qingdao Conson Development (Group) Co., Ltd. has declared its related parties to the Bank in accordance with regulatory requirements. As at the end of the Reporting Period, the balance of the Bank's credit-related significant related party transactions[1] with Qingdao Conson Development (Group) Co., Ltd. and its related parties amounted to RMB911 million. No non-credit-related significant related party transactions occurred during the Reporting Period.

[1] *Note:* The related party transaction data presented in this section are compiled in accordance with the statistical scope prescribed by the National Financial Regulatory Administration.

2. Haier Group Corporation (海爾集團公司)

Haier Group Corporation (unified social credit code: 91370200163562681G) was established on 24 March 1980 with its legal representative of ZHOU Yunjie and a registered capital of RMB311.18 million. It is mainly engaged in technology development, technology consultancy, technology transfer, technology services, including industrial internet, etc.; data processing; engaged in digital technology, intelligent technology, software technology; research and development, sales and after-sales services of robots and automation equipment products; logistics information services; the research and development and sales of intelligent household equipment and solution system software technology; the production of household appliances, electronic products, communication equipment, electronic computers and accessories, general machinery, kitchen appliances and robots for industrial purpose; domestic commercial (excluding national restricted, licensed and controlled commodities) wholesale and retail; export and import business (refer to foreign enterprise confirmation certificate for details); economic technology consultancy; and research, development and transfer of technological achievements; lease of self-owned properties.

As at the end of the Reporting Period, Haier Group Corporation held a total of 1,055,878,943 A shares of the Bank via seven companies within the group, which accounted for 18.14% of the total ordinary share capital. The above shares were not pledged or frozen. Haier Smart Home Co., Ltd. (海爾智家股份有限公司), being one of those seven companies, recommended ZHOU Yunjie and TAN Lixia as Directors to the Bank. These seven companies were persons acting in concert. The ultimate beneficiary of Haier Group Corporation is itself, and Haier Group Corporation is the de facto controller of Haier Smart Home Co., Ltd. (collectively accounting for 34.49% of equity interests), Qingdao Haier Biomedical Co., Ltd. (collectively accounting for 44.46% of equity interests), INKON Life Technology Co., Ltd. (collectively accounting for 51.09% of equity interests), Qingdao Thunderobot Technology Co., Ltd. (青島雷神科技股份有限公司) (collectively accounting for 30.72% of equity interests), Zhongmiao Holdings (Qingdao) Co., Ltd. (眾淼控股(青島)股份有限公司) (collectively accounting for 45.33% of equity interests), Shanghai Raas Blood Products Co., Ltd. (collectively accounting for 29.90% of equity interests), Shanghai STEP Electric Corporation (上海新時達電氣股份有限公司) (collectively accounting for 29.24% of equity interests) and Autohome Inc. (collectively accounting for 43.40% of equity interests). Haier Group Corporation has declared its related parties to the Bank in accordance with regulatory requirements. As at the end of the Reporting Period, the balance of the Bank's credit-related significant related party transactions with Haier Group Corporation was RMB975 million. No significant non-credit-related related party transactions occurred during the Reporting Period.

3. Intesa Sanpaolo S.p.A (意大利聯合聖保羅銀行)

Intesa Sanpaolo S.p.A. (business registration number: 00799960158) was established on 5 January 2007 (through merger of Banca Intesa S.p.A. (意大利聯合銀行) and Sanpaolo IMI S.p.A. (意大利聖保羅意米銀行)) with its legal representative of Gian Maria GROS-PIETRO and a registered capital of EUR10,529 million. Intesa Sanpaolo S.p.A. is a multi-national bank headquartered in Turin, Italy. It is one of the most prominent players of the Eurozone's banking industry as well as the industry-leader of Italy's retail banking, corporate banking business and wealth management businesses. Intesa Sanpaolo S.p.A. has a total of approximately 2,600 branches in Italy, providing approximately 14.00 million customers with high-quality service. Intesa Sanpaolo S.p.A. has established a strategic international layout, including approximately 900 branches serving 7.40 million customers, commercial banking in 12 countries and an international and professional service network for corporate customers in 24 countries.

As at the end of the Reporting Period, Intesa Sanpaolo S.p.A. held 1,018,562,076 H shares of the Bank, which accounted for 17.50% of the total ordinary share capital. The above shares were not pledged or frozen. The directors recommended to the Bank by Intesa Sanpaolo S.p.A. were Rosario STRANO and Giamberto GIRALDO. Intesa Sanpaolo S.p.A. has no controlling shareholders, no de facto controllers, no persons acting in concert, and its ultimate beneficiary is itself and itself is a listed company. The listed company it can control is RISANAMENTO SPA (accounting for 48.88% of equity interests). Intesa Sanpaolo S.p.A. has declared its related parties to the Bank in accordance with regulatory requirements. During the Reporting Period, there was no significant related party transaction between the Bank and Intesa Sanpaolo S.p.A.

VIII. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at the end of the Reporting Period, on the basis of the register required to be kept under Section 336 of the SFO and taking into account the notifications received by the Bank, the details of interests and short positions held by the following persons in the issued shares and underlying shares of the Bank are as follows:

Name of shareholders	Notes	Type of shares	Capacity	Number of shares held	Approximate percentage of the total number of shares(7)	Approximate percentage of the total number of A shares(7)	Approximate percentage of the total number of H shares(7)	Long/short position
Haier Group Corporation (海爾集團公司)	(1)	A shares	Interest of controlled corporation	1,055,878,943	18.14	29.93	–	Long
Haier Kaaosi Co., Ltd. (海爾卡奧斯股份有限公司)	(2)	A shares	Interest of controlled corporation	532,601,341	9.15	15.09	–	Long
Qingdao Haier Industrial Development Co., Ltd. (青島海爾產業發展有限公司)	(2)	A shares	Beneficial owner	532,601,341	9.15	15.09	–	Long
Haier Smart Home Co., Ltd. (海爾智家股份有限公司)	–	A shares	Beneficial owner	188,886,626	3.25	5.35	–	Long
			Interest of controlled corporation	318,085,033	5.46	9.01	–	Long
Qingdao Haier Air-Conditioner Electronics Co., Ltd. (青島海爾空調電子有限公司)	–	A shares	Beneficial owner	284,299,613	4.88	8.06	–	Long
Qingdao Conson Development (Group) Co., Ltd. (青島國信發展（集團）有限責任公司)	(3)	A shares	Interest of controlled corporation	695,654,116	11.95	19.72	–	Long
Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. (青島國信產融控股（集團）有限公司)	(3)	A shares	Beneficial owner	695,653,466	11.95	19.72	–	Long
			Interest of controlled corporation	650	0.00	0.00	–	Long
Intesa Sanpaolo S.p.A. (意大利聯合聖保羅銀行)	–	H shares	Beneficial owner	1,018,562,076	17.50	–	44.44	Long
Qingdao Conson Development (Group) Co., Ltd. (青島國信發展（集團）有限責任公司)	(4)	H shares	Interest of controlled corporation	467,647,280	8.03	–	20.40	Long
Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. (青島國信產融控股（集團）有限公司)	(4)	H shares	Beneficial owner	249,800,000	4.29	–	10.90	Long
			Interest of controlled corporation	217,847,280	3.74	–	9.50	Long
Qingdao Conson Financial Holdings Co., Ltd. (青島國信金融控股有限公司)	(4)	H shares	Beneficial owner	217,847,280	3.74	–	9.50	Long
Guosen Securities Company Limited (國信證券股份有限公司) on behalf of Guosen Securities QDII Huisheng No.6 Single Asset Management Scheme (國信證券股份有限公司代國信證券QDII匯晟6號單一資產管理計劃)	–	H shares	Investment manager	231,618,500	3.98	–	10.11	Long
Ji'nan Pioneer Investment Group Co., Ltd. (濟南先行投資集團有限責任公司)	–	H shares	Beneficial owner	231,618,500	3.98	–	10.11	Long

Notes:

(1) 1,055,878,943 A shares of the Bank are held by Haier Group Corporation via its directly or indirectly controlled companies.

(2) 532,601,341 A shares of the Bank are directly held by Qingdao Haier Industrial Development Co., Ltd., which is 100% owned by Haier Kaaosi Co., Ltd. Therefore, Haier Kaaosi Co., Ltd. is deemed to be interested in all the A shares of the Bank held by Qingdao Haier Industrial Development Co., Ltd.

(3) Qingdao Guoxin Capital Investment Co., Ltd. (青島國信資本投資有限公司) directly holds 650 A shares of the Bank. Qingdao Guoxin Capital Investment Co., Ltd. is 94.23% owned by Qingdao Conson Financial Holdings Co., Ltd. Qingdao Conson Financial Holdings Co., Ltd. is wholly owned by Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. Therefore, Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. is deemed to be interested in all the A shares of the Bank held by Qingdao Guoxin Capital Investment Co., Ltd. (in the capacity of interest of controlled corporation). Concurrently, Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. is wholly owned by Qingdao Conson Development (Group) Co., Ltd. Therefore, Qingdao Conson Development (Group) Co., Ltd. is deemed to be interested in all the A shares of the Bank held by Qingdao Guoxin Capital Investment Co., Ltd. and Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. (in the capacity of interest of controlled corporation).

(4) Qingdao Conson Financial Holdings Co., Ltd. directly holds 217,847,280 H shares of the Bank. Qingdao Conson Financial Holdings Co., Ltd. is wholly owned by Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd., which is wholly owned by Qingdao Conson Development (Group) Co., Ltd. Therefore, Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd., and Qingdao Conson Development (Group) Co., Ltd. are deemed to be interested in all the H shares of the Bank held by Qingdao Conson Financial Holdings Co., Ltd. (in the capacity of interest of controlled corporation). In addition, Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. directly holds 249,800,000 H shares of the Bank. As Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. is wholly owned by Qingdao Conson Development (Group) Co., Ltd., Qingdao Conson Development (Group) Co., Ltd. is deemed to be interested in all the H shares of the Bank held by Qingdao Guoxin Industrial and Financial Holdings (Group) Co., Ltd. (in the capacity of interest of controlled corporation).

(5) Save as disclosed in the above table:

(a) According to the disclosure of interests notices submitted by World Media and Entertainment Universal Inc., AMTD Digital Inc., AMTD IDEA Group, and AMTD Group Inc. in relation to the relevant event on 29 November 2024, Wonderful Time with Co. Ltd directly holds 367,675,000 H shares of the Bank. Wonderful Time with Co. Ltd is wholly owned by World Media and Entertainment Group, while World Media and Entertainment Group is wholly owned by World Media and Entertainment Universal Inc. AMTD Digital Inc. and AMTD IDEA Group hold 45.42% and 43.30% interests in World Media and Entertainment Universal Inc. respectively. AMTD IDEA Group holds 92.30% interests in AMTD Digital Inc., while AMTD IDEA Group is held as to 84.14% by AMTD Group Inc. Accordingly, World Media and Entertainment Universal Inc., AMTD Digital Inc., AMTD IDEA Group and AMTD Group Inc. are deemed to be interested in all the H shares of the Bank held by Wonderful Time with Co. Ltd.

(b) According to the disclosure of interests notice submitted by Ariana Capital Investment Limited in relation to the relevant event on 26 June 2020, Ariana Capital Investment Limited was interested in 176,766,469 H shares of the Bank directly held by it.

(c) According to the disclosure of interests notices submitted by Jinan Urban Construction International Investment Co., Limited and Jinan City Construction Group Limited Company in relation to the relevant event on 27 October 2025, (i) Jinan Urban Construction International Investment Co., Limited was interested in 58,000,000 H shares of the Bank directly held by it; (ii) Hong Kong Hengtai International Capital Co., Limited directly held 58,000,000 H shares of the Bank, while Hong Kong Hengtai International Capital Co., Limited was wholly owned by Jinan Urban Construction International Investment Co., Limited, Jinan Urban Construction International Investment Co., Limited was interested in 58,000,000 H shares of the Bank held by Hong Kong Hengtai International Capital Co., Limited; and (iii) Jinan Urban Construction International Investment Co., Limited is wholly owned by Jinan City Construction Group Limited Company. Therefore Jinan City Construction Group Limited Company is deemed to be interested in the aforementioned H shares held by Jinan Urban Construction International Investment Co., Limited and Hong Kong Hengtai International Capital Co., Limited (in the capacity of interest in a controlled corporation), aggregating 116,000,000 H shares of the Bank.

Up to the latest practicable date of the issue of this report, no other disclosure of interests notices have been submitted by them.

(6) Under Section 336 of the SFO, notices disclosing interests shall be submitted by shareholders of the Bank upon satisfaction of certain conditions. Changes of shareholders' shareholdings in the Bank are not required to inform the Bank and the Hong Kong Stock Exchange, except for the satisfaction of certain conditions. Therefore, there could be difference between shareholders' latest shareholdings in the Bank and the shareholdings submitted to the Hong Kong Stock Exchange.

(7) As at the end of the Reporting Period, the Bank's total issued ordinary shares, A shares and H shares were 5,820,354,724 shares, 3,528,409,250 shares and 2,291,945,474 shares, respectively.

As at the end of the Reporting Period, save as disclosed above, in so far as the Directors and chief executives of the Bank are aware, there is no person who had an interest or short position in the shares, underlying shares or equity derivatives of the Bank which is required to be recorded in the register to be kept under section 336 of the SFO.

IX. PREFERENCE SHARES

As at the end of the Reporting Period, the Bank had no outstanding preference shares.

SECTION VII EMPLOYEES AND INSTITUTIONS

I. EMPLOYEES AND HUMAN RESOURCES MANAGEMENT

1.1 Details of Employees

Number of employees on the payroll of the parent company (persons)	5,223
Number of employees on the payroll of the major subsidiaries (persons)	270
Total number of employees on the payroll (persons)	5,493
Total number of employees receiving remuneration in the current period (persons)	5,493
Number of retired employees for whom the parent company and major subsidiaries need to bear expenses (persons)	–

Composition by profession

Composition by profession category	Number of composition by profession (persons)
Management personnel	354
Business personnel	4,119
General administrative personnel	1,020
Total	5,493

Education background

Education background category	Number (persons)
Master's degree or above	1,427
Bachelor's degree	3,738
College graduates or below	328
Total	5,493

1.2 Policy on Employee Remuneration

The Bank implements a remuneration system of standardized pay grade and contribution-driven remuneration. Employees' remuneration is linked to their sequence, the level of the staff and the results of performance appraisal. The Bank's employee remuneration is composed of fixed remuneration, performance remuneration and welfare remuneration. Fixed remuneration refers to the basic salary, which is determined according to the level corresponding to the employee's sequence. Performance remuneration is the performance-linked compensation paid by the Bank, which represents the incentive rewards paid on the basis of performance appraisal. During the Reporting Period, the Bank did not implement medium- and long-term incentives of equity and other forms of equity, and employees' remuneration was paid in cash.

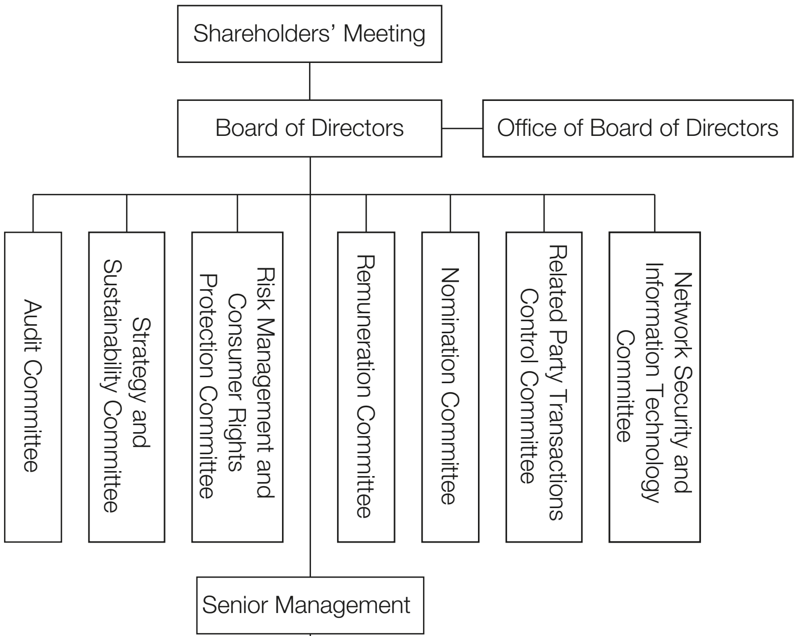
The Bank has formulated scientific evaluation measures, and utilized such measures as a guideline to optimize resources allocation, continuously mobilized employees' initiatives, so as to enhance the Bank's overall efficiency. Employees' performance-based remuneration of the Bank is decided based on the performance evaluation results of the whole Bank, the institutions or departments they work in and their own.

The Bank strictly implements the relevant requirements for the supervision of remuneration payment, and has established a mechanism related to performance-based remuneration deferred payment, recourse and deduction and implements the system of deferred payment, recourse and deduction for middle and senior management staff and other personnel in positions that have a significant impact on risk. The formulation and implementation of the annual remuneration scheme of the Bank are determined in strict accordance with the annual salary budget approved by the Board of Directors.

1.3 Training for Employees

The Bank has remained closely aligned with its high-quality development strategy, established a full-cycle, tiered and classified talent cultivation system, and coordinated the implementation of a variety of training programmes. During the Reporting Period, 1,179 training sessions of various types were organized, with a cumulative total of over 80 thousand participants; special training programs for key positions such as mid-to-senior managers, junior managers, internal trainers, wealth management managers and client managers were completed, among which, the Bank held eight sessions of customized, self-selected open courses for differentiated training, with a total of over 550 participants; organized a demonstration workshop for frontline management, which resulted in the Work Manual for Frontline Management, thereby transforming hands-on training experience into a bank-wide general management tool; and completed a number of specialized training programs for management trainees and internal trainers. Leveraging its online platform "Qingyin Le Xue Tang", the Bank expanded course offerings and upgraded platform functions, completed 17 system enhancements, and launched a range of thematic courses and AI teaching tools. The Bank innovatively introduced a three-track internal trainer selection mechanism featuring "regular application, competition fast track, and targeted invitation", thereby enriching the pool of trainers. The Bank formulated the Measures for the Administration of Employee Training Credits of Bank of Qingdao, which clearly set out credit rules for compulsory courses, elective courses, and training activities, actively promoting the deep integration of talent cultivation and business development.

II. ORGANIZATIONAL STRUCTURE



General Office (Party Committee Office, Propaganda Department of the Party Committee)	Risk Management Department	Transaction Banking Department	Community Financial Business Department	Retail Banking Department	Consumer Rights Protection Department (Service Supervision Department)	Audit Department	Legal and Compliance Department	Asset Custody Department
Human Resources Department (Organization Department of the Party Committee, United Front Department of the Party Committee)	Credit Approval Department	Financial Market Department	Discipline Inspection and Supervision Team	Micro Loan & Credit Card Department	Strategy Department	Technology Innovation and Inclusive Finance Department (Rural Revitalization Department)	Asset Preservation Department	Data Management Department
Discipline Inspection and Supervision Office (Inspection Office of the Party Committee)	Corporate Banking Department (Blue and Green Finance Department)	Training Department	Digital Transformation Office	Personal Credit Department	Information Technology Department	Labour Union Office	Administrative Department	Financial Planning Department
Investment Banking Department	Operational Management Department	Security Department	Digital Finance Department	Institutional Banking Department	Head Office and 207 Branches and Sub-branches			

III. BRANCHES AND SUB-BRANCHES

No.	Name of branch/ sub-branch	Business address	Institutions under its administration	No. of staff (persons)	Total assets (RMB100 million)
1	In Qingdao	–	1 head office, 1 branch and 117 sub-branches	1,883	5,735.63
2	Jinan Branch	Building 6, Yinfeng Fortune Plaza, No. 1 Longaoxi Road, Lixia District, Jinan	1 branch and 11 sub-branches under it	376	448.48
3	Dongying Branch	No. 72 Fuqian Avenue, Dongying District, Dongying	6 sub-branches under it	147	191.17
4	Weihai Branch	No. 112, No. 3-4 Shichang Avenue, Weihai	9 sub-branches under it	222	352.67
5	Zibo Branch	No. 266 Liantong Road, Zhangdian District, Zibo	5 sub-branches under it	148	219.44
6	Dezhou Branch	No. 717 Dexing Middle Avenue, Decheng District, Dezhou	6 sub-branches under it	145	119.25
7	Zaozhuang Branch	Dexin Plaza, No. 2166 Hexie Road, Xuecheng District, Zaozhuang	6 sub-branches under it	143	136.98
8	Yantai Branch	Building 2, No. 15 Ningbo Road, Development Zone, Yantai	6 sub-branches under it	152	193.99
9	Binzhou Branch	No. 471 Huanghe 8th Road, Bincheng District, Binzhou	4 sub-branches under it	104	145.37
10	Weifang Branch	Room 124, Building 7, No. 6636 Fushou East Street, Kuiwen District, Weifang	6 sub-branches under it	153	192.29
11	Linyi Branch	Building 9, Hongxing International Plaza, Intersection of Jinan Road and Xiaohe Road, Beicheng New District, Linyi	5 sub-branches under it	129	153.99
12	Jining Branch	Welfare Lottery Building, No. 24 Hongxing Middle Road, Jining	3 sub-branches under it	98	189.27
13	Tai'an Branch	No. 237 Dongyue Street, Tai'an	3 sub-branches under it	116	68.54

No.	Name of branch/ sub-branch	Business address	Institutions under its administration	No. of staff (persons)	Total assets (RMB100 million)
14	Heze Branch	North side of East Gate of Jindu Huating, middle section of Renmin Road, Heze	1 sub-branch under it	55	70.25
15	Rizhao Branch	No. 79 Tai'an Road, Rizhao	2 sub-branches under it	67	58.89
16	Liaocheng Branch	No. 181 Dongchang Road, Economic and Technological Development Zone, Liaocheng	–	34	25.77

The Bank's business outlets are based in Qingdao, expanding throughout Shandong Province. As at the end of the Reporting Period, the Bank had 208 business outlets, including 17 branches, achieving full coverage across all 16 cities in Shandong Province.

The Bank has comprehensively upgraded its intelligent service system in the banking hall, driving the transformation of branch services towards "human-machine collaboration". By implementing the functional upgrade of the banknote module of cash teller machines, completing the procurement of banknote side cabinets and new-generation cash teller machines, establishing operational standards and risk control mechanisms for bills business at cash teller machines, and piloting an integrated human-machine service flow model in the banking hall, the Bank has continuously iterated its "Smart PAD + Cash Teller Machine Collaboration" intelligent service system. At the end of the Reporting Period, the Bank had a total of 407 self-service machines, including 6 automated teller machines (ATM), 267 deposit and withdrawal machines, 95 bank self-service terminals and 39 cash teller machines, providing services including withdrawal, deposit, transfer, account inquiry, and payment. During the Reporting Period, the total number of transactions through the Bank's self-service equipment was 2.9109 million, with a total transaction amount of RMB9.897 billion.

To the board of directors of Bank of Qingdao Co., Ltd.
(A joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim condensed financial information set out on pages 129 to 227, which comprise the consolidated statement of financial position of Bank of Qingdao Co., Ltd. (the "Bank") and its subsidiaries (the "Group") as at 30 June 2026 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and condensed explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
27 August 2026

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	Note	**2026 (unaudited)**	2025 (unaudited)
Interest income		**12,112,410**	11,349,804
Interest expense		**(5,948,224)**	(5,988,037)
Net interest income	*3*	**6,164,186**	5,361,767
Fee and commission income		**1,262,713**	1,038,183
Fee and commission expense		**(191,558)**	(230,719)
Net fee and commission income	*4*	**1,071,155**	807,464
Net trading gains/(losses)	*5*	**258,134**	60,179
Net gains arising from investments	*6*	**844,075**	1,402,289
Other operating income	*7*	**16,257**	26,311
Operating income		**8,353,807**	7,658,010
Operating expenses	*8*	**(1,899,086)**	(1,816,002)
Expected credit losses	*9*	**(1,817,035)**	(2,232,351)
Impairment losses on other assets		**(477)**	(1,299)
Profit before taxation		**4,637,209**	3,608,358
Income tax expense	*10*	**(929,630)**	(456,256)
Net profit for the period		**3,707,579**	3,152,102
Net profit attributable to:			
Equity shareholders of the Bank		**3,618,652**	3,064,683
Non-controlling interests		**88,927**	87,419
Basic and diluted earnings per share (in RMB)	*11*	**0.62**	0.53

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2026 (unaudited)	2025 (unaudited)
Net profit for the period		**3,707,579**	3,152,102
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
– Remeasurement of defined benefit liability	*38(4)*	**–**	398
– Changes in fair value of financial assets designated at fair value through other comprehensive income	*38(4)*	**6,670**	–
Items that may be reclassified subsequently to profit or loss			
– Changes in fair value of financial assets measured at fair value through other comprehensive income	*38(4)*	**364,339**	(573,452)
– Credit losses of financial assets measured at fair value through other comprehensive income	*38(4)*	**(7,451)**	585,311
Other comprehensive income, net of tax		**363,558**	12,257
Total comprehensive income for the period		**4,071,137**	3,164,359
Total comprehensive income attributable to:			
Equity shareholders of the Bank		**3,982,210**	3,076,940
Non-controlling interests		**88,927**	87,419

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2026 (unaudited)	31 December 2025 (audited)
Assets			
Cash and deposits with the central bank	12	**33,559,427**	42,979,933
Deposits with banks and other financial institutions	13	**4,597,014**	9,953,265
Placements with banks and other financial institutions	14	**15,910,232**	18,254,853
Derivative financial assets	15	**372,234**	507,591
Financial assets held under resale agreements	16	**8,585,902**	17,975,490
Loans and advances to customers	17	**416,738,421**	387,692,967
Financial investments:			
– Financial investments measured at fair value through profit or loss	18	**83,936,771**	74,688,589
– Financial investments measured at fair value through other comprehensive income	19	**105,365,734**	97,786,595
– Financial investments measured at amortised cost	20	**152,878,592**	137,024,491
Long-term receivables	22	**15,239,157**	17,461,304
Property and equipment	23	**3,310,177**	3,331,500
Right-of-use assets	24	**705,593**	743,558
Deferred tax assets	25	**4,452,521**	4,372,950
Other assets	26	**2,736,684**	2,186,998
Total assets		**848,388,459**	814,960,084
Liabilities			
Borrowings from the central bank	27	**58,159,052**	48,579,376
Deposits from banks and other financial institutions	28	**52,944,331**	29,028,245
Placements from banks and other financial institutions	29	**20,028,919**	22,638,702
Financial liabilities measured at fair value through profit or loss	30	**2,280,123**	1,849,403
Derivative financial liabilities	15	**493,962**	10,460
Financial assets sold under repurchase agreements	31	**15,147,274**	23,090,548
Deposits from customers	32	**533,960,626**	512,121,455
Income tax payable		**732,992**	770,248
Debt securities issued	33	**106,680,269**	121,902,730
Lease liabilities	34	**486,174**	511,017
Other liabilities	35	**4,245,808**	4,203,444
Total liabilities		**795,159,530**	764,705,628

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2026 (unaudited)	31 December 2025 (audited)
Equity			
Share capital	36	**5,820,355**	5,820,355
Other equity instruments			
Including: perpetual bonds	37	**8,395,783**	8,395,783
Capital reserve	38(1)	**10,686,506**	10,686,506
Surplus reserve	38(2)	**3,603,377**	3,603,377
General reserve	38(3)	**10,256,969**	10,256,969
Other comprehensive income	38(4)	**2,291,746**	1,928,188
Retained earnings	39	**11,046,958**	8,475,970
Total equity attributable to equity shareholders of the Bank		**52,101,694**	49,167,148
Non-controlling interests		**1,127,235**	1,087,308
Total equity		**53,228,929**	50,254,456
Total liabilities and equity		**848,388,459**	814,960,084

Approved and authorised for issue by the board of directors on 27 August 2026.

Jing Zailun
Legal Representative
(Chairman)

Wu Xianming
President

Chen Shuang
Vice President in charge
of Finance Function

Li Zhenguo
General Manager of the Planning
& Finance Department

(Company Stamp)

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

For the six months ended 30 June 2026

		Attributable to equity shareholders of the Bank									
	Note	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2026		5,820,355	8,395,783	10,686,506	3,603,377	10,256,969	1,928,188	8,475,970	49,167,148	1,087,308	50,254,456
Total comprehensive income		-	-	-	-	-	363,558	3,618,652	3,982,210	88,927	4,071,137
Appropriation of profit:											
– Dividends	*39*	-	-	-	-	-	-	(1,047,664)	(1,047,664)	(49,000)	(1,096,664)
Balance at 30 June 2026 (unaudited)		5,820,355	8,395,783	10,686,506	3,603,377	10,256,969	2,291,746	11,046,958	52,101,694	1,127,235	53,228,929

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

For the six months ended 30 June 2025

		Attributable to equity shareholders of the Bank									
	Note	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2025		5,820,355	6,395,783	10,687,091	3,106,154	8,511,286	2,716,533	6,695,179	43,932,381	967,448	44,899,829
Total comprehensive income		–	–	–	–	–	12,257	3,064,683	3,076,940	87,419	3,164,359
Appropriation of profit:											
– Dividends	*39*	–	–	–	–	–	–	(931,257)	(931,257)	(49,000)	(980,257)
Balance at 30 June 2025 (unaudited)		5,820,355	6,395,783	10,687,091	3,106,154	8,511,286	2,728,790	8,828,605	46,078,064	1,005,867	47,083,931

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

For the year ended 31 December 2025

		Attributable to equity shareholders of the Bank									
	Note	Share capital	Other equity instrument	Capital reserve	Surplus reserve	General reserve	Other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2025		5,820,355	6,395,783	10,687,091	3,106,154	8,511,286	2,716,533	6,695,179	43,932,381	967,448	44,899,829
Total comprehensive income		–	–	–	–	–	(788,345)	5,187,741	4,399,396	168,860	4,568,256
Capital injection by shareholders:											
– Contributions from holders of other equity instruments	*37*	–	2,000,000	(585)	–	–	–	–	1,999,415	–	1,999,415
– Acquisition of subsidiaries	*21*	–	–	–	–	24,118	–	(23,705)	413	–	413
Appropriation of profit:											
– Appropriation to surplus reserve	*38(2)*	–	–	–	497,223	–	–	(497,223)	–	–	–
– Appropriation to general reserve	*38(3)*	–	–	–	–	1,721,565	–	(1,721,565)	–	–	–
– Dividends	*39*	–	–	–	–	–	–	(1,164,457)	(1,164,457)	(49,000)	(1,213,457)
Balance at 31 December 2025 (audited)		5,820,355	8,395,783	10,686,506	3,603,377	10,256,969	1,928,188	8,475,970	49,167,148	1,087,308	50,254,456

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before taxation	**4,637,209**	3,608,358
Adjustments for:		
Expected credit losses	**1,817,035**	2,232,351
Impairment losses on other assets	**477**	1,299
Depreciation and amortisation	**309,729**	301,733
Unrealised foreign exchange (gains)/losses	**41,558**	22,851
Net (gains)/losses on disposal of property and equipment, intangible assets and other assets	**(21,500)**	727
(Gains)/losses from changes in fair value	**23,829**	(1,155)
Net gains arising from investments	**(868,980)**	(1,437,513)
Interest expense on debt securities issued	**1,081,842**	1,088,602
Interest income from financial investments	**(3,123,009)**	(2,842,505)
Others	**(4,038)**	19,959
	3,894,152	2,994,707
Changes in operating assets		
Net increase in deposits with the central bank	**(1,106,974)**	(1,880,104)
Net decrease in deposits with banks and other financial institutions	**303,000**	376,682
Net decrease/(increase) in placements with banks and other financial institutions	**1,868,031**	(4,622,938)
Net increase in loans and advances to customers	**(31,344,748)**	(28,646,306)
Net decrease/(increase) in financial assets held under resale agreements	**9,399,000**	(5,500,000)
Net increase in financial assets held for trading	**(10,959,546)**	(7,347,544)
Net decrease in long-term receivables	**2,529,660**	585,669
Net increase in other operating assets	**(711,935)**	(182,851)
	(30,023,512)	(47,217,392)

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Changes in operating liabilities		
Net increase in borrowings from the central bank	**9,512,369**	10,648,461
Net increase in deposits from banks and other financial institutions	**23,892,764**	4,724,514
Net decrease in placements from banks and other financial institutions	**(2,065,037)**	(956,430)
Net decrease in financial assets sold under repurchase agreements	**(7,942,664)**	(3,602,265)
Net increase in deposits from customers	**23,676,651**	34,116,108
Net decrease in other operating liabilities	**(1,301,877)**	(312,587)
	45,772,206	44,617,801
Income tax paid	**(1,168,662)**	(451,732)
Net cash flows generated from/(used in) operating activities	**18,474,184**	(56,616)
Cash flows from investing activities		
Cash received from disposal and redemption of investments	**38,620,127**	47,513,148
Cash received from investment gains and interest	**4,754,519**	5,039,968
Cash received from disposal of property and equipment, intangible assets and other assets	**14,133**	3,096
Payments for acquisition of investments	**(60,026,143)**	(65,129,085)
Payments for acquisition of property and equipment, intangible assets and other assets	**(191,125)**	(96,006)
Net cash flows used in investing activities	**(16,828,489)**	(12,668,879)
Cash flows from financing activities		
Cash received from debt securities issued	**50,434,497**	53,840,318
Repayment of debt securities issued	**(65,678,232)**	(47,801,237)
Payments for interest on debt securities issued	**(1,060,568)**	(1,167,563)
Payments for dividends	**(1,095,695)**	(979,388)
Payment for lease liabilities	**(66,744)**	(73,404)
Net cash flows (used in)/generated from financing activities	**(17,466,742)**	3,818,726

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	**Six months ended 30 June 2026 (unaudited)**	Six months ended 30 June 2025 (unaudited)
Effect of foreign exchange rate changes on cash and cash equivalents		**(42,841)**	10,283
Net decrease in cash and cash equivalents		**(15,863,888)**	(8,896,486)
Cash and cash equivalents as at 1 January		**26,910,845**	31,106,085
Cash and cash equivalents as at 30 June	*40*	**11,046,957**	22,209,599
Net cash flows generated from operating activities include:			
Interest received		**10,102,165**	9,482,305
Interest paid		**(6,640,883)**	(6,202,271)

The notes to the unaudited interim consolidated financial statements form part of this interim financial statements.

1 BACKGROUND INFORMATION

Bank of Qingdao Co., Ltd. (the "Bank"), formerly known as Qingdao City Cooperative Bank Co., Ltd., is a joint-stock commercial bank established on 15 November 1996 with the approval of the People's Bank of China (the "PBOC") according to the notices YinFu [1996] No. 220 "Approval upon the Preparing of Qingdao City Cooperative Bank" and YinFu [1996] No.353 "Approval upon the Opening of Qingdao City Cooperative Bank".

The Bank changed its name from Qingdao City Cooperative Bank Co., Ltd. to Qingdao City Commercial Bank Co., Ltd. in 1998 according to Lu Yin Fu [1998] No. 76 issued by Shandong Branch of the PBOC. The Bank changed its name from Qingdao City Commercial Bank Co., Ltd. to Bank of Qingdao Co., Ltd. in 2008 according to Yin Jian Fu [2007] No.485 issued by the former China Banking Regulatory Commission (the "CBRC", the predecessor of the National Financial Regulatory Administration).

The Bank obtained its financial institution licence No. B0170H237020001 from the Qingdao Office of the former China Banking and Insurance Regulatory Commission (the "CBIRC"). The Bank obtained its business license with a unified social credit code 91370200264609602K from the Qingdao Municipal Bureau of Administrative Services, and the registered office is located at Building No. 3, No. 6 Qinling Road, Laoshan District, Qingdao City, Shandong Province, the People's Republic of China (the "PRC"). In December 2015, the Bank's H-shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 3866). In January 2019, the Bank's A-shares were listed on Shenzhen Stock Exchange (Stock code: 002948). In January and February 2022, the Bank completed the A Share Rights Issue and H Share Rights Issue respectively. The share capital of the Bank increased to RMB5.820 billion after the completion of the above rights issue. The share capital of the Bank is RMB5.820 billion as at 30 June 2026.

The Bank has 17 branches, respectively in Jinan, Dongying, Weihai, Zibo, Dezhou, Zaozhuang, Yantai, Binzhou, Qingdao, Weifang, Linyi, Jining, Taian, Heze, Rizhao and Liaocheng as at 30 June 2026. The principal activities of the Bank and its subsidiaries (collectively the "Group") are the provision of corporate and personal deposits, loans and advances, settlement, financial market business, financial leasing, wealth management and other services as approved by the regulatory authority. The background information of the subsidiaries is shown in Note 21. The Bank mainly operates in Shandong Province.

For the purpose of this report, Chinese Mainland excludes the Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the Macau Special Administrative Region of the PRC ("Macau") and Taiwan region.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(1) Basis of preparation

This interim financial statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue by the Bank's Board of Directors on 27 August 2026.

The interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Accounting Standards ("IFRS Accounting Standards"), and should be read in conjunction with the Group's previous annual financial statements for the year ended 31 December 2025.

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(2) Accounting judgements and estimates

The preparation of an interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2025.

3 NET INTEREST INCOME

	Six months ended 30 June	
	2026	2025
Interest income arising from		
Deposits with the central bank	**216,662**	185,436
Deposits with banks and other financial institutions	**52,958**	35,530
Placements with banks and other financial institutions	**211,463**	275,845
Loans and advances to customers		
– Corporate loans and advances	**6,311,426**	5,651,856
– Personal loans and advances	**1,302,745**	1,487,699
– Discounted bills	**260,668**	274,151
Financial assets held under resale agreements	**171,082**	92,465
Financial investments	**3,123,009**	2,842,505
Long-term receivables	**462,397**	504,317
Interest income sub-total	**12,112,410**	11,349,804
Interest expense arising from		
Borrowings from the central bank	**(423,743)**	(318,301)
Deposits from banks and other financial institutions	**(367,441)**	(114,266)
Placements from banks and other financial institutions	**(169,852)**	(202,882)
Deposits from customers	**(3,752,785)**	(4,113,323)
Financial assets sold under repurchase agreements	**(152,561)**	(150,663)
Debt securities issued	**(1,081,842)**	(1,088,602)
Interest expense sub-total	**(5,948,224)**	(5,988,037)
Net interest income	**6,164,186**	5,361,767

(Expressed in thousands of Renminbi, unless otherwise stated)

4 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2026	2025
Fee and commission income		
Wealth management service fees	**438,019**	387,664
Commission and agency service fees	**335,506**	270,014
Custody and bank card service fees	**109,767**	123,506
Settlement fees	**180,673**	121,870
Others	**198,748**	135,129
Fee and commission income sub-total	**1,262,713**	1,038,183
Fee and commission expense	**(191,558)**	(230,719)
Net fee and commission income	**1,071,155**	807,464

5 NET TRADING GAINS/(LOSSES)

		Six months ended 30 June	
	Note	**2026**	2025
Net gains/(losses) from debt securities	*(i)*	**343,668**	124,908
Net gains/(losses) of foreign exchange and foreign exchange derivative financial instruments	*(ii)*	**(58,967)**	(48,017)
Net gains/(losses) of non-foreign exchange derivative financial instruments		**(26,567)**	(16,712)
Total		**258,134**	60,179

Notes:

(i) Net gains/(losses) from debt securities mainly include gains or losses arising from the purchase and sale of, and changes in the fair value of debt securities held for trading.

(ii) Net gains/(losses) of foreign exchange and foreign exchange derivative financial instruments include gains or losses from the purchase and sale of foreign currency spot, net gains/(losses) from foreign exchange derivative financial instruments, and translation of foreign currency monetary assets and liabilities into RMB, etc.

(Expressed in thousands of Renminbi, unless otherwise stated)

6 NET GAINS ARISING FROM INVESTMENTS

	Six months ended 30 June	
	2026	2025
Net gains on financial investments measured at fair value through profit or loss	**677,096**	866,110
Net gains on disposal of financial assets measured at fair value through other comprehensive income	**70,336**	208,574
Gains arising from the derecognition of financial assets measured at amortised cost	**123,643**	342,534
Others	**(27,000)**	(14,929)
Total	**844,075**	1,402,289

7 OTHER OPERATING INCOME

	Six months ended 30 June	
	2026	2025
Government grants	**12**	26,614
Net gains/(losses) on disposal of property and equipment, intangible assets and other assets	**21,500**	(727)
Others	**(5,255)**	424
Total	**16,257**	26,311

(Expressed in thousands of Renminbi, unless otherwise stated)

8 OPERATING EXPENSES

	Six months ended 30 June	
	2026	2025
Staff costs		
– Salaries, bonuses and allowances	**631,236**	609,994
– Social insurance	**49,010**	40,012
– Housing allowances	**72,025**	66,261
– Staff welfare expenses	**48,229**	77,321
– Labor union expenses and staff education expenses	**28,361**	27,448
– Other short-term employee benefits	**42,936**	–
– Post-employment benefits		
– Defined contribution plans	**155,502**	132,815
– Early retirement and supplementary retirement plans	**2,840**	2,350
Sub-total	**1,030,139**	956,201
Property and equipment expenses		
– Depreciation and amortisation	**309,729**	301,733
– Electronic equipment operating expenses	**48,684**	58,167
– Maintenance expenses	**58,032**	58,962
Sub-total	**416,445**	418,862
Tax and surcharges	**92,777**	91,559
Other general and administrative expenses	**359,725**	349,380
Total	**1,899,086**	1,816,002

Note:

(i) For the six months ended 30 June 2026, the Group's operating expenses include lease expenses relating to short-term leases and leases of low-value assets of RMB8.62 million (For the six months ended 30 June 2025: RMB6.06 million).

(Expressed in thousands of Renminbi, unless otherwise stated)

9 EXPECTED CREDIT LOSSES

	Six months ended 30 June	
	2026	2025
Deposits with banks and other financial institutions	**(6,798)**	10,695
Placements with banks and other financial institutions	**3,592**	18,614
Financial assets held under resale agreements	**(11,731)**	22,423
Loans and advances to customers		
– Loans and advances to customers measured at amortised cost	**1,895,225**	1,360,310
– Loans and advances to customers measured at fair value through other comprehensive income	**81,573**	245,824
Financial investments measured at amortised cost	**(158,411)**	(37,559)
Financial investments measured at fair value through other comprehensive income		
– Debt instruments	**(91,507)**	534,591
Long-term receivables	**13,712**	23,342
Credit commitments	**70,638**	60,578
Others	**20,742**	(6,467)
Total	**1,817,035**	2,232,351

10 INCOME TAX EXPENSE

(1) Income tax for the reporting period

		Six months ended 30 June	
	Note	**2026**	2025
Current tax		**1,131,406**	844,841
Deferred tax	*25(2)*	**(201,776)**	(388,585)
Total		**929,630**	456,256

10 INCOME TAX EXPENSE (continued)

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

	Six months ended 30 June	
	2026	2025
Profit before taxation	**4,637,209**	3,608,358
Statutory tax rate	**25%**	25%
Income tax calculated at statutory tax rate	**1,159,302**	902,090
Tax effect of non-deductible expenses for tax purpose		
– Annuity	**7,855**	5,617
– Entertainment expenses	**802**	1,306
– Others	**28,799**	16,895
Sub-total	**37,456**	23,818
Tax effect of non-taxable income for tax purpose *(Note (i))*	**(267,128)**	(469,652)
Income tax	**929,630**	456,256

Note:

(i) Non-taxable income consists of interest income from the PRC government bonds and local government bonds, and fund dividend income, which are exempt from income tax under the PRC tax regulations.

11 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share was computed by dividing the net profit for the period attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue. Diluted earnings per share was computed by dividing the adjusted net profit attributable to the ordinary shareholders of the Bank for the period by the adjusted weighted average number of ordinary shares in issue, assuming that all dilutive potential shares have been converted. There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the reporting period.

		Six months ended 30 June	
	Note	**2026**	2025
Weighted average number of ordinary shares (in thousands)	*11(1)*	**5,820,355**	5,820,355
Net profit attributable to equity shareholders of the Bank		**3,618,652**	3,064,683
Less: net profit attributable to other equity instruments holders of the Bank		**–**	–
Net profit attributable to ordinary shareholders of the Bank		**3,618,652**	3,064,683
Basic and diluted earnings per share (in RMB)		**0.62**	0.53

11 BASIC AND DILUTED EARNINGS PER SHARE (continued)

Note:

The Bank issued RMB4 billion, RMB2.4 billion and RMB2 billion of Domestic Perpetual Bonds on 14 July 2022, 16 August 2022 and 24 October 2025, respectively. Non-cumulative dividend payment method was adopted for Domestic Perpetual Bonds. The Bank classified these Domestic Perpetual Bonds as other equity instruments, and the specific terms of these Domestic Perpetual Bonds are disclosed in Note 37.

In calculating the earnings per share for the six months ended 30 June 2026, the Bank did not consider the effects of interest that may be paid to holders of the Domestic Perpetual Bonds in July 2026, August 2026, and October 2026 on the net profit attributable to shareholders of the ordinary shares of the Bank (An interest payment amounting to RMB233 million in total was distributed to holders of the Domestic Perpetual Bonds in July 2025 and August 2025).

(1) Weighted average number of ordinary shares (in thousands)

	Six months ended 30 June	
	2026	2025
Number of ordinary shares in issue as at 1 January	**5,820,355**	5,820,355
Increase in weighted average number of new ordinary shares	**–**	–
Weighted average number of ordinary shares	**5,820,355**	5,820,355

12 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Note	**30 June 2026**	31 December 2025
Cash on hand		**508,434**	514,938
Deposits with the central bank			
– Statutory deposit reserves	*12(1)*	**26,215,045**	24,980,568
– Surplus deposit reserves	*12(2)*	**6,737,856**	17,258,981
– Other deposits with the central bank	*12(3)*	**87,013**	214,516
Sub-total		**33,039,914**	42,454,065
Accrued interest		**11,079**	10,930
Total		**33,559,427**	42,979,933

(Expressed in thousands of Renminbi, unless otherwise stated)

12 CASH AND DEPOSITS WITH THE CENTRAL BANK (continued)

(1) The Bank places statutory deposit reserves with the PBOC in accordance with the relevant regulations. As at 30 June 2026, the statutory deposit reserve ratios for RMB deposits applicable to the Bank were 5.0% (31 December 2025: 5.0%). As at 30 June 2026, the statutory deposit reserve ratios for foreign currency deposits applicable to the Bank were 4.0% (31 December 2025: 4.0%). The Bank's subsidiaries place statutory deposit reserves with the PBOC in accordance with relevant regulations.

The statutory deposit reserves are not available for the Group's daily business.

(2) The surplus deposit reserves are placed with the PBOC mainly for the purpose of clearing.

(3) Other deposits with the central bank primarily represent fiscal deposits and foreign exchange risk reserve placed with the PBOC that are not available for use in the Group's daily operations.

13 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysis by type of counterparty and geographical region

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**3,203,359**	9,031,306
– Other financial institutions	**695,980**	389,298
Outside Chinese Mainland		
– Banks	**691,329**	533,314
Accrued interest	**12,536**	12,335
Sub-total	**4,603,204**	9,966,253
Less: Allowances for impairment losses	**(6,190)**	(12,988)
Total	**4,597,014**	9,953,265

14 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysis by type of counterparty and geographical region

	30 June 2026	31 December 2025
In Chinese Mainland		
– Other financial institutions	**15,862,550**	17,806,588
– Banks	**–**	200,000
Accrued interest	**97,239**	294,230
Sub-total	**15,959,789**	18,300,818
Less: Allowances for impairment losses	**(49,557)**	(45,965)
Total	**15,910,232**	18,254,853

(Expressed in thousands of Renminbi, unless otherwise stated)

15 DERIVATIVE FINANCIAL INSTRUMENTS

The Group primarily enters into foreign exchange rate and interest rate derivative contracts related to trading, asset and liability management, and customer initiated transactions.

The contractual/notional amounts and fair values of the derivative financial instruments entered into by the Group are set out in the following tables. The contractual/notional amounts of derivative financial instruments provide a basis for comparison with fair values of instruments recognised in the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair values of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The fair value of derivative financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregated fair values of derivative financial assets and liabilities can fluctuate significantly in different periods.

	30 June 2026		
		Fair value of	
	Nominal amount	**Assets**	**Liabilities**
Interest rate derivatives	**113,688,110**	**92,938**	**(97,449)**
Exchange rate derivatives and others	**18,486,697**	**279,296**	**(396,513)**
Total	**132,174,807**	**372,234**	**(493,962)**

	31 December 2025		
		Fair value of	
	Nominal amount	Assets	Liabilities
Interest rate derivatives	64,131,580	6,592	(8,037)
Exchange rate derivatives and others	11,259,983	500,999	(2,423)
Total	75,391,563	507,591	(10,460)

(Expressed in thousands of Renminbi, unless otherwise stated)

16 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(1) Analysed by type and location of counterparty

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**8,601,000**	18,000,000
Accrued interest	**1,930**	4,249
Sub-total	**8,602,930**	18,004,249
Less: Allowances for impairment losses	**(17,028)**	(28,759)
Total	**8,585,902**	17,975,490

(2) Analysed by type of security held

	30 June 2026	31 December 2025
Debt securities	**8,601,000**	18,000,000
Accrued interest	**1,930**	4,249
Sub-total	**8,602,930**	18,004,249
Less: Allowances for impairment losses	**(17,028)**	(28,759)
Total	**8,585,902**	17,975,490

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysed by nature

	30 June 2026	31 December 2025
Measured at amortised cost:		
Corporate loans and advances		
– Corporate loans	**316,928,919**	289,088,781
Sub-total	**316,928,919**	289,088,781
Personal loans and advances		
– Personal residential mortgages	**44,359,373**	45,490,360
– Personal consumption loans	**13,731,061**	16,234,367
– Personal business loans	**13,958,794**	12,276,009
Sub-total	**72,049,228**	74,000,736
Accrued interest	**826,667**	1,107,454
Less: Allowances for impairment losses of loans and advances to customers measured at amortised cost		
– 12-month expected credit loss (“ECL”)	**(6,233,016)**	(6,064,375)
– Lifetime ECL		
– not credit-impaired loans	**(2,426,471)**	(1,508,123)
– credit-impaired loans	**(3,144,916)**	(2,850,281)
Sub-total	**(11,804,403)**	(10,422,779)
Measured at fair value through other comprehensive income:		
Corporate loans and advances		
– Discounted bills	**26,239,296**	26,351,650
– Corporate loans (Forfeiting)	**12,498,714**	7,567,125
Sub-total	**38,738,010**	33,918,775
Carrying amount of loans and advances to customers	**416,738,421**	387,692,967

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(2) Analysed by type of collateral (excluding accrued interest)

	30 June 2026	31 December 2025
Unsecured loans	**114,704,776**	98,077,862
Guaranteed loans	**96,363,542**	89,380,827
Loans secured by mortgages	**127,266,345**	127,734,432
Pledged loans	**89,381,494**	81,815,171
Gross loans and advances to customers	**427,716,157**	397,008,292

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

	30 June 2026				
	Overdue within three months (inclusive)	**Overdue more than three months to one year (inclusive)**	**Overdue more than one year to three years (inclusive)**	**Overdue more than three years**	**Total**
Unsecured loans	**442,990**	**793,901**	**746,771**	**34,137**	**2,017,799**
Guaranteed loans	**157,487**	**150,155**	**159,220**	**258,468**	**725,330**
Loans secured by mortgages	**645,143**	**820,505**	**754,021**	**21,338**	**2,241,007**
Pledged loans	**–**	**–**	**580**	**–**	**580**
Total	**1,245,620**	**1,764,561**	**1,660,592**	**313,943**	**4,984,716**
Account for a percentage of gross loans and advances to customers	**0.29%**	**0.42%**	**0.39%**	**0.07%**	**1.17%**

	31 December 2025				
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	Total
Unsecured loans	424,302	734,555	431,472	17,105	1,607,434
Guaranteed loans	200,116	56,406	195,871	245,220	697,613
Loans secured by mortgages	567,633	924,264	847,612	100,738	2,440,247
Pledged loans	–	4,470	–	–	4,470
Total	1,192,051	1,719,695	1,474,955	363,063	4,749,764
Account for a percentage of gross loans and advances to customers	0.30%	0.44%	0.37%	0.09%	1.20%

Overdue loans refer to loans where all or part of the principal or interest has been overdue for more than one day (including 1 day).

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(4) Loans and advances and allowances for impairment losses analysis

The allowances for impairment losses of loans and advances to customers are as follows:

(i) Allowances for impairment losses of loans and advances to customers measured at amortised cost:

	30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired *(Note (i))***	**Total**
Gross loans and advances to customers measured at amortised cost (including accrued interest)	**369,844,481**	**15,894,434**	**4,065,899**	**389,804,814**
Less: Allowances for impairment losses	**(6,233,016)**	**(2,426,471)**	**(3,144,916)**	**(11,804,403)**
Net carrying amount of loans and advances to customers measured at amortised cost	**363,611,465**	**13,467,963**	**920,983**	**378,000,411**

	31 December 2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired *(Note (i))*	Total
Gross loans and advances to customers measured at amortised cost (including accrued interest)	350,007,253	10,347,212	3,842,506	364,196,971
Less: Allowances for impairment losses	(6,064,375)	(1,508,123)	(2,850,281)	(10,422,779)
Net carrying amount of loans and advances to customers measured at amortised cost	343,942,878	8,839,089	992,225	353,774,192

As at 30 June 2026, the total amount of credit impairment loans (including accrued interest) acquired by the Group was RMB13.67 million (As at 31 December 2025: RMB24.70 million), with the allowances for impairment losses of RMB9.15 million (As at 31 December 2025: RMB19.22 million).

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(4) Loans and advances and allowances for impairment losses analysis (continued)

The allowances for impairment losses of loans and advances to customers are as follows: (continued)

(ii) Allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income:

	30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired *(Note (i))***	**Total**
Gross/Carrying amount of loans and advances to customers at fair value through other comprehensive income	**38,738,010**	**–**	**–**	**38,738,010**
Allowances for impairment losses included in other comprehensive income	**(886,644)**	**–**	**–**	**(886,644)**

	31 December 2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired *(Note (i))*	Total
Gross/Carrying amount of loans and advances to customers at fair value through other comprehensive income	33,918,775	–	–	33,918,775
Allowances for impairment losses included in other comprehensive income	(805,071)	–	–	(805,071)

Note:

(i) Refer to Note 43(1) Credit Risk for the definition of credit-impaired financial assets.

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(5) Movements of allowances for impairment losses

Movements of the allowances for impairment losses on loans and advances to customers are as follows:

(i) Movements of allowances for impairment losses of loans and advances to customers measured at amortised cost are as follows:

	Six months ended 30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired**	**Total**
As at 1 January 2026	**6,064,375**	**1,508,123**	**2,850,281**	**10,422,779**
Transfer to:				
– 12-month ECL	**46,262**	**(44,198)**	**(2,064)**	**–**
– Lifetime ECL				
– not credit-impaired loans	**(323,257)**	**326,351**	**(3,094)**	**–**
– credit-impaired loans	**(10,658)**	**(73,638)**	**84,296**	**–**
Charge for the period	**456,294**	**709,833**	**729,098**	**1,895,225**
Write-offs and transfer out	**–**	**–**	**(629,828)**	**(629,828)**
Recoveries of loans and advances previously written off	**–**	**–**	**131,601**	**131,601**
Other changes	**–**	**–**	**(15,374)**	**(15,374)**
As at 30 June 2026	**6,233,016**	**2,426,471**	**3,144,916**	**11,804,403**

	2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
As at 1 January 2025	5,720,689	339,905	2,947,986	9,008,580
Transfer to:				
– 12-month ECL	75,011	(30,313)	(44,698)	–
– Lifetime ECL				
– not credit-impaired loans	(267,222)	276,699	(9,477)	–
– credit-impaired loans	(12,210)	(184,959)	197,169	–
Charge for the year	532,194	1,083,635	800,415	2,416,244
Write-offs and transfer out	–	–	(1,482,091)	(1,482,091)
Recoveries of loans and advances previously written off	–	–	437,070	437,070
Other changes	15,913	23,156	3,907	42,976
As at 31 December 2025	6,064,375	1,508,123	2,850,281	10,422,779

(Expressed in thousands of Renminbi, unless otherwise stated)

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(5) Movements of allowances for impairment losses (continued)

Movements of the allowances for impairment losses on loans and advances to customers are as follows: (continued)

(ii) Movements of the allowances for impairment losses on loans and advances to customers measured at fair value through other comprehensive income are as follows:

	Six months ended 30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired**	**Total**
As at 1 January 2026	**805,071**	**–**	**–**	**805,071**
Charge for the period	**81,573**	**–**	**–**	**81,573**
As at 30 June 2026	**886,644**	**–**	**–**	**886,644**

	2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
As at 1 January 2025	338,623	–	–	338,623
Charge for the year	466,448	–	–	466,448
As at 31 December 2025	805,071	–	–	805,071

Details of asset securitization transactions conducted by the Group in the ordinary course of business are set out in Note 47(2).

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**30 June 2026**	31 December 2025
Financial investments held for trading			
Debt securities, analysed by type of issuers			
– Governments and the central bank		**30,194**	30,523
– Policy banks		**928,844**	251,589
– Banks and other financial institutions		**32,504,307**	20,933,718
– Corporate entities		**361,483**	318,153
Wealth management product investment		**247,347**	250,831
Sub-total		**34,072,175**	21,784,814
Other financial investments measured at fair value through profit or loss			
Debt securities, analysed by type of issuers			
– Governments and the central bank		**11,994**	12,499
– Banks and other financial institutions		**2,624,816**	2,254,864
– Corporate entities		**3,552,804**	1,225,303
Sub-total		**6,189,614**	3,492,666
Investment funds		**43,488,810**	49,125,042
Asset management plans		**186,172**	286,067
Total		**83,936,771**	74,688,589
Listed	*18(1)*	**5,590,819**	3,236,376
Of which: listed outside Hong Kong		**5,470,133**	3,093,491
Unlisted		**78,345,952**	71,452,213
Total		**83,936,771**	74,688,589

(1) Both bonds and funds traded on stock exchanges are included in listed securities.

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	**30 June 2026**	31 December 2025
Debt securities, analysed by type of issuers			
– Governments and the central bank		**17,481,432**	17,578,543
– Policy banks		**7,813,744**	8,382,152
– Banks and other financial institutions		**39,845,919**	32,020,581
– Corporate entities		**39,130,656**	38,181,781
Sub-total		**104,271,751**	96,163,057
Other equity investments	*19(1)*	**148,069**	139,176
Accrued interest		**945,914**	1,484,362
Total		**105,365,734**	97,786,595
Listed	*19(2)*	**40,016,810**	35,152,966
Of which: listed outside Hong Kong		**38,210,061**	33,393,306
Unlisted		**65,348,924**	62,633,629
Total		**105,365,734**	97,786,595

(1) The Group holds a number of unlisted equity investments not held for trading. The Group designates them as financial investments measured at fair value through other comprehensive income, and the details are as follows:

	Six months ended 30 June 2026						
Investees	**Balance at the beginning of the period**	**Investment increased**	**Investment decreased**	**Gains recognised in other comprehensive income during the period**	**Balance at the end of the period**	**Percentage of shareholding in investees (%)**	**Cash dividend for the period**
China UnionPay Co., Ltd.	**128,926**	**–**	**–**	**8,893**	**137,819**	**0.34**	**–**
Shandong City Commercial Bank Alliance Co., Ltd.	**10,000**	**–**	**–**	**–**	**10,000**	**1.14**	**–**
Service Centre for City Commercial Banks	**250**	**–**	**–**	**–**	**250**	**0.81**	**–**
Total	**139,176**	**–**	**–**	**8,893**	**148,069**		**–**

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(1) The Group holds a number of unlisted equity investments not held for trading. The Group designates them as financial investments measured at fair value through other comprehensive income, and the details are as follows: (continued)

	2025						
Investees	Balance at the beginning of the year	Investment increased	Investment decreased	Gains recognised in other comprehensive income during the year	Balance at the end of the year	Percentage of ownership in investees (%)	Cash dividend for the year
China UnionPay Co., Ltd.	124,718	–	–	4,208	128,926	0.34	6,460
Shandong City Commercial Bank Alliance Co., Ltd.	10,000	–	–	–	10,000	1.14	–
Service Centre for City Commercial Banks	250	–	–	–	250	0.81	–
Total	134,968	–	–	4,208	139,176		6,460

Note:

For the six months ended 30 June 2026 and the year ended 31 December 2025, the Group did not dispose of any such equity investment, and there were no cumulative gains or losses transferred from other comprehensive income to retained earnings.

(2) Only bonds traded on stock exchanges are included in listed bonds.

(3) Movements of the allowances for impairment losses on debt instruments of financial investments at fair value through other comprehensive income are as follows:

	Six months ended 30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired**	**Total**
As at 1 January 2026	**126,749**	**232,109**	**133,617**	**492,475**
Transfer to:				
– 12-month ECL	**46,020**	**(46,020)**	**–**	**–**
Reversal for the period	**(34,358)**	**(22,290)**	**(34,859)**	**(91,507)**
As at 30 June 2026	**138,411**	**163,799**	**98,758**	**400,968**

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(3) Movements of the allowances for impairment losses on debt instruments of financial investments at fair value through other comprehensive income are as follows: (continued)

	2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
As at 1 January 2025	49,843	77,856	121,778	249,477
Transfer to:				
– Lifetime ECL				
– not credit-impaired	(812)	812	–	–
Charge for the year	77,718	153,441	11,839	242,998
As at 31 December 2025	126,749	232,109	133,617	492,475

Allowances for impairment losses on debt instruments of financial investments measured at FVOCI is recognised in other comprehensive income, and any impairment loss or gain is recognised in the profit or loss without decreasing the carrying amount of financial investments presented in the statement of financial position.

20 FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

	Note	**30 June 2026**	31 December 2025
Debt securities, analysed by type of issuers			
– Governments and the central bank		**43,936,600**	38,400,893
– Policy banks		**17,324,349**	20,039,890
– Banks and other financial institutions		**50,485,226**	43,891,030
– Corporate entities		**42,184,664**	35,568,376
Sub-total		**153,930,839**	137,900,189
Asset management plans		**647,217**	696,080
Trust fund plans		**994,000**	1,546,797
Other investments		**499,358**	721,500
Accrued interest		**1,408,182**	1,472,137
Less: Allowances for impairment losses	*20(1)*	**(4,601,004)**	(5,312,212)
Total		**152,878,592**	137,024,491
Listed	*20(2)*	**74,610,811**	63,721,370
Of which: listed outside Hong Kong		**72,628,705**	61,760,009
Unlisted		**78,267,781**	73,303,121
Total		**152,878,592**	137,024,491

(Expressed in thousands of Renminbi, unless otherwise stated)

20 FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST (continued)

(1) Movements of the allowances for impairment losses on financial investments measured at amortised cost are as follows:

	Six months ended 30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired**	**Total**
As at 1 January 2026	**148,331**	**805,430**	**4,358,451**	**5,312,212**
Transfer to:				
– 12-month ECL	**18,844**	**(18,844)**	**–**	**–**
Charge/(Reversal) for the period	**60,743**	**(140,581)**	**(78,573)**	**(158,411)**
Write-offs and transfer out	**–**	**–**	**(552,797)**	**(552,797)**
As at 30 June 2026	**227,918**	**646,005**	**3,727,081**	**4,601,004**

	2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
As at 1 January 2025	34,648	977,103	4,484,930	5,496,681
Transfer to:				
– Lifetime ECL				
– not credit-impaired	(251)	251	–	–
Charge/(Reversal) for the year	113,934	(171,924)	(77,373)	(135,363)
Write-offs and transfer out	–	–	(49,106)	(49,106)
As at 31 December 2025	148,331	805,430	4,358,451	5,312,212

(2) Only bonds traded on stock exchanges are included in listed bonds.

21 INVESTMENT IN SUBSIDIARIES

	30 June 2026	31 December 2025
BQD Financial Leasing Company Limited	**913,284**	913,284
BQD Wealth Management Company Limited	**1,000,000**	1,000,000
Qingdao Laixi Yuantai Rural Bank Company Limited	**95,075**	95,075
Total	**2,008,359**	2,008,359

The subsidiaries are as follows:

Name	**Percentage of equity interest**	**Voting rights**	**Paid-in capital** *(in thousands)*	**Amount invested by the Bank** *(in thousands)*	**Place of registration and operations**	**Principal activities**
BQD Financial Leasing Company Limited *(Note (i))*	60.00%	60.00%	1,225,000	913,284	Qingdao, China	Financial leasing
BQD Wealth Management Company Limited *(Note (ii))*	100.00%	100.00%	1,000,000	1,000,000	Qingdao, China	Wealth management
Qingdao Laixi Yuantai Rural Bank Company Limited *(Note (iii))*	100.00%	100.00%	50,000	95,075	Qingdao, China	Banking business

Notes:

(i) BQD Financial Leasing Company Limited was co-established by the Bank, Qingdao Hanhe Cable Co., Ltd., Qingdao Port International Co., Ltd. and Qingdao Qianwan Container Terminal Co., Ltd. on 15 February 2017, with an initial registered capital of RMB1.00 billion.

In May 2024, with the Approval upon Change of Registered Capital and Adjustment of Equity Structure of BQD Financial Leasing Company Limited (Qingguojinfu [2024]111) from Qingdao Supervision Bureau of the State Financial Supervision and Regulation Administration, the Bank invested RMB403 million to increase the capital of BQD Financial Leasing Company Limited. Upon completion of the capital injection, the registered capital of BQD Financial Leasing Company Limited increased to RMB1.225 billion, and the Bank's shareholding in BQD Financial Leasing Company Limited increased from 51.00% to 60.00%.

(ii) BQD Wealth Management Company Limited, a limited liability company wholly owned by the Bank, was established on 16 September 2020, with a registered capital of RMB1.00 billion.

(iii) Qingdao Laixi Yuantai Rural Bank Company Limited was established on 9 July 2010, with a registered capital of RMB50million.

In November, 2025, with the approval upon the change of equity in Qingdao Laixi Yuantai Rural Bank (Qing Jin Fu [2025] No. 265) from Qingdao Supervision Bureau of the State Financial Supervision and Regulation Administration, the bank invested RMB95.0748 million to transfer all the equity held by existing shareholders. After the transfer, the bank held 100% of the equity in Qingdao Laixi Yuantai Rural Bank Company Limited.

(Expressed in thousands of Renminbi, unless otherwise stated)

22 LONG-TERM RECEIVABLES

	30 June 2026	31 December 2025
Minimum lease receivables	**2,298,384**	2,235,472
Less: Unearned finance lease income	**(224,750)**	(232,543)
Present value of finance lease receivables	**2,073,634**	2,002,929
Finance leaseback receivables	**13,733,187**	15,982,373
Sub-total	**15,806,821**	17,985,302
Accrued interest	**115,770**	145,207
Less: Allowances for impairment losses		
– 12-month ECL	**(271,567)**	(354,992)
– Lifetime ECL		
– not credit-impaired	**(266,460)**	(216,914)
– credit-impaired	**(145,407)**	(97,299)
Carrying amount	**15,239,157**	17,461,304

(Expressed in thousands of Renminbi, unless otherwise stated)

22 LONG-TERM RECEIVABLES (continued)

Movements of the allowances for impairment losses on long-term receivable are as follows:

	Six months ended 30 June 2026			
	12-month ECL	**Lifetime ECL – not credit-impaired**	**Lifetime ECL – credit-impaired**	**Total**
As at 1 January 2026	**354,992**	**216,914**	**97,299**	**669,205**
Transfer to:				
– Lifetime ECL				
– not credit-impaired	**(17,448)**	**24,205**	**(6,757)**	**–**
– credit-impaired	**(1,252)**	**(20,758)**	**22,010**	**–**
(Reversal)/Charge for the period	**(64,725)**	**46,099**	**32,338**	**13,712**
Recoveries of previously written off	**–**	**–**	**3,861**	**3,861**
Other	**–**	**–**	**(3,344)**	**(3,344)**
As at 30 June 2026	**271,567**	**266,460**	**145,407**	**683,434**

	2025			
	12-month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
As at 1 January 2025	508,328	175,623	66,000	749,951
Transfer to:				
– 12-month ECL	50,490	(50,490)	–	–
– Lifetime ECL				
– not credit-impaired	(19,446)	75,960	(56,514)	–
– credit-impaired	(4,113)	(8,180)	12,293	–
(Reversal)/Charge for the year	(180,267)	24,001	217,801	61,535
Write-offs and transfer out	–	–	(152,283)	(152,283)
Recoveries of previously written off	–	–	11,800	11,800
Others	–	–	(1,798)	(1,798)
As at 31 December 2025	354,992	216,914	97,299	669,205

(Expressed in thousands of Renminbi, unless otherwise stated)

22 LONG-TERM RECEIVABLES (continued)

Minimum lease receivables, unearned finance income and present value of finance lease receivables analysed by the remaining period are listed as follows:

	30 June 2026		
	Minimum lease receivables	**Unearned finance income**	**Present value of finance lease receivables**
Repayable on demand	**2,610**	**(469)**	**2,141**
Less than 1 year (inclusive)	**818,269**	**(107,905)**	**710,364**
1 year to 2 years (inclusive)	**710,971**	**(64,270)**	**646,701**
2 years to 3 years (inclusive)	**462,071**	**(31,214)**	**430,857**
3 years to 4 years (inclusive)	**172,381**	**(11,273)**	**161,108**
4 years to 5 years (inclusive)	**68,896**	**(4,267)**	**64,629**
More than 5 years	**38,991**	**(2,764)**	**36,227**
Indefinite *(Note (i))*	**24,195**	**(2,588)**	**21,607**
Total	**2,298,384**	**(224,750)**	**2,073,634**

	31 December 2025		
	Minimum lease receivables	Unearned finance income	Present value of finance lease receivables
Repayable on demand	–	–	–
Less than 1 year (inclusive)	831,622	(105,674)	725,948
1 year to 2 years (inclusive)	597,075	(66,270)	530,805
2 years to 3 years (inclusive)	437,119	(35,852)	401,267
3 years to 4 years (inclusive)	249,353	(15,611)	233,742
4 years to 5 years (inclusive)	76,396	(5,379)	71,017
More than 5 years	38,018	(3,422)	34,596
Indefinite *(Note (i))*	5,889	(335)	5,554
Total	2,235,472	(232,543)	2,002,929

Note:

(i) See Note 43(3) for the definition of indefinite finance lease receivables.

(Expressed in thousands of Renminbi, unless otherwise stated)

23 PROPERTY AND EQUIPMENT

	Premises	Electronic equipment	Vehicles	Machinery equipment and others	Total
Cost					
As at 1 January 2025	3,762,951	1,027,422	74,958	143,880	5,009,211
Increase	–	91,300	2,835	8,599	102,734
Decrease	–	(36,989)	(14,594)	(3,680)	(55,263)
As at 31 December 2025	**3,762,951**	**1,081,733**	**63,199**	**148,799**	**5,056,682**
Increase	**63,003**	**18,581**	**715**	**2,434**	**84,733**
Decrease	**(9,436)**	**(6,789)**	**(6,410)**	**(1,667)**	**(24,302)**
As at 30 June 2026	**3,816,518**	**1,093,525**	**57,504**	**149,566**	**5,117,113**
Accumulated depreciation					
As at 1 January 2025	(745,208)	(662,303)	(58,935)	(105,511)	(1,571,957)
Increase	(90,142)	(95,729)	(5,644)	(14,212)	(205,727)
Decrease	–	35,110	13,864	3,528	52,502
As at 31 December 2025	**(835,350)**	**(722,922)**	**(50,715)**	**(116,195)**	**(1,725,182)**
Increase	**(45,094)**	**(50,680)**	**(2,384)**	**(6,054)**	**(104,212)**
Decrease	**8,596**	**6,428**	**6,090**	**1,344**	**22,458**
As at 30 June 2026	**(871,848)**	**(767,174)**	**(47,009)**	**(120,905)**	**(1,806,936)**
Net book value					
As at 30 June 2026	**2,944,670**	**326,351**	**10,495**	**28,661**	**3,310,177**
As at 31 December 2025	2,927,601	358,811	12,484	32,604	3,331,500

As at 30 June 2026 and 31 December 2025, the Group did not have significant property and equipment which were temporarily idle.

As at 30 June 2026, the net book value of the Group's premises with incomplete title deeds was RMB84 million (31 December 2025: RMB85 million). Management expected that the incomplete title deeds would not affect the Group's rights to succeed to these assets.

As at 30 June 2026 and 31 December 2025, the Group was not aware of any indicators for the possibility of property and equipment impairment, hence no impairment loss was recognised.

(Expressed in thousands of Renminbi, unless otherwise stated)

23 PROPERTY AND EQUIPMENT (continued)

The net book values of premises at the end of the reporting period are analysed by the remaining terms of the land leases as follows:

	30 June 2026	31 December 2025
Held in Chinese Mainland		
– Long-term leases (over 50 years)	**45,727**	46,459
– Medium-term leases (10 – 50 years)	**2,876,548**	2,855,754
– Short-term leases (less than 10 years)	**22,395**	25,388
Total	**2,944,670**	2,927,601

24 RIGHT-OF-USE ASSETS

	Premises	**Others**	**Total**
Cost			
As at 1 January 2025	1,357,390	1,850	1,359,240
Increase	150,603	–	150,603
Decrease	(47,640)	–	(47,640)
As at 31 December 2025	**1,460,353**	**1,850**	**1,462,203**
Increase	**73,563**	**–**	**73,563**
Decrease	**(211,396)**	**(1,850)**	**(213,246)**
As at 30 June 2026	**1,322,520**	**–**	**1,322,520**
Accumulated depreciation			
As at 1 January 2025	(593,148)	(1,642)	(594,790)
Increase	(160,485)	(208)	(160,693)
Decrease	36,838	–	36,838
As at 31 December 2025	**(716,795)**	**(1,850)**	**(718,645)**
Increase	**(84,568)**	**–**	**(84,568)**
Decrease	**184,436**	**1,850**	**186,286**
As at 30 June 2026	**(616,927)**	**–**	**(616,927)**
Net book value			
As at 30 June 2026	**705,593**	**–**	**705,593**
As at 31 December 2025	743,558	–	743,558

(Expressed in thousands of Renminbi, unless otherwise stated)

25 DEFERRED INCOME TAX ASSETS

Deferred tax assets and liabilities prior to offsetting:

	30 June 2026	31 December 2025
Deferred tax assets	**5,082,261**	4,887,809
Deferred tax liabilities	**(629,740)**	(514,859)
Net	**4,452,521**	4,372,950

(1) Analysed by nature

	30 June 2026		31 December 2025	
	Deductible/ (taxable) temporary differences	**Deferred income tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred income tax assets/ (liabilities)
Deferred tax assets				
– Allowances for impairment losses	**17,711,084**	**4,427,771**	16,764,900	4,191,225
– Fair value changes	**517,764**	**129,441**	679,948	169,987
– Discount interest adjustment	**141,020**	**35,255**	132,752	33,188
– Others	**1,959,176**	**489,794**	1,973,636	493,409
Sub-total	**20,329,044**	**5,082,261**	19,551,236	4,887,809
Deferred tax liabilities				
– Fair value changes	**(1,813,016)**	**(453,254)**	(1,314,780)	(328,695)
– Others	**(705,944)**	**(176,486)**	(744,656)	(186,164)
Sub-total	**(2,518,960)**	**(629,740)**	(2,059,436)	(514,859)
Net	**17,810,084**	**4,452,521**	17,491,800	4,372,950

(Expressed in thousands of Renminbi, unless otherwise stated)

25 DEFERRED INCOME TAX ASSETS (continued)

(2) Analysed by movement

	Allowances for impairment losses	Deferred interest income from discounted bills (Note (i))	Change in fair value	Others (Note (ii))	Total
As at 1 January 2025	3,948,397	30,709	(641,202)	215,912	3,553,816
Recognised in profit or loss	420,189	2,479	41,939	92,033	556,640
Recognised in other comprehensive income	(177,361)	–	440,555	(700)	262,494
As at 31 December 2025	**4,191,225**	**33,188**	**(158,708)**	**307,245**	**4,372,950**
Recognised in profit or loss	**234,062**	**2,067**	**(40,416)**	**6,063**	**201,776**
Recognised in other comprehensive income	**2,484**	**–**	**(124,689)**	**–**	**(122,205)**
As at 30 June 2026	**4,427,771**	**35,255**	**(323,813)**	**313,308**	**4,452,521**

Notes:

(i) Pursuant to the requirement issued by the local tax authority, income tax obligations arise when the Group receives discounted bills. The deductible temporary difference, which arises from the interest income recognised in profit or loss using the effective interest method, forms deferred tax assets.

(ii) Others mainly include the amount accrued for early retirement and supplementary retirement plans, expected credit loss on credit commitments, right-of-use assets, lease liabilities and other accrued expenses, which are deductible against taxable income when actual payment occurs.

(Expressed in thousands of Renminbi, unless otherwise stated)

26 OTHER ASSETS

	Note	**30 June 2026**	31 December 2025
Continuously involved assets		**91,744**	237,168
Intangible assets	*26(1)*	**365,546**	405,792
Long-term deferred expense		**344,453**	366,405
Prepayments		**159,311**	111,663
Interest receivables *(Note (i))*	*26(2)*	**35,104**	28,376
Repossessed assets *(Note (ii))*		**26,500**	26,100
Deferred expense		**5,438**	6,304
Precious metals		**1,046**	1,046
Prepayments for finance lease assets *(Note (iii))*		**134,757**	366,706
Others *(Note (iv))*		**1,756,806**	807,204
Sub-total		**2,920,705**	2,356,764
Less: Allowances for impairment losses		**(184,021)**	(169,766)
Total		**2,736,684**	2,186,998

Notes:

(i) As at 30 June 2026, the book value of the Group's interest receivables after deducting the allowances for impairment is RMB23.41 million (31 December 2025: RMB18.64 million).

(ii) As at 30 June 2026, repossessed assets of the Group mainly included premises, etc. The book value of the Group's repossessed assets is RMB20.03 million (31 December 2025: RMB20.10 million). The impairment allowances for repossessed assets of the Group is RMB6.47 million (31 December 2025: RMB6.00 million).

(iii) Prepayments for finance lease assets are payments made by the subsidiary to suppliers for the construction of financing lease assets.

(iv) Mainly includes other receivables and settlement receivables.

(Expressed in thousands of Renminbi, unless otherwise stated)

26 OTHER ASSETS (continued)

(1) Intangible assets

	Six months ended 30 June 2026	2025
Cost		
As at 1 January	**1,455,118**	1,276,491
Increase	**38,115**	178,710
Decrease	**(1,315)**	(83)
As at 30 June/31 December	**1,491,918**	1,455,118
Accumulated amortisation		
As at 1 January	**(1,049,326)**	(897,367)
Increase	**(78,013)**	(151,959)
Decrease	**967**	–
As at 30 June/31 December	**(1,126,372)**	(1,049,326)
Net value		
As at 30 June/31 December	**365,546**	405,792
As at 1 January	**405,792**	379,124

Intangible assets of the Group mainly include software.

As at 30 June 2026 and 31 December 2025, the Group was not aware of any indicators for the possibility of intangible assets impairment, hence no impairment loss was recognised.

(2) Interest receivables

	30 June 2026	31 December 2025
Interest receivables arising from:		
– Loans and advances to customers	**23,790**	23,877
– Long-term receivables	**11,314**	4,499
Total	**35,104**	28,376

(Expressed in thousands of Renminbi, unless otherwise stated)

27 BORROWINGS FROM THE CENTRAL BANK

	30 June 2026	31 December 2025
Borrowings	**56,674,496**	47,567,934
Re-discounted bills	**1,143,356**	737,669
Accrued interest	**341,200**	273,773
Total	**58,159,052**	48,579,376

28 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysis by type of counterparty and geographical region

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**10,840,059**	3,938,518
– Other financial institutions	**42,020,545**	25,029,322
Accrued interest	**83,727**	60,405
Total	**52,944,331**	29,028,245

29 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Analysis by type of counterparty and geographical region

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**19,928,183**	22,315,730
– Other financial institutions	**–**	200,000
Accrued interest	**100,736**	122,972
Total	**20,028,919**	22,638,702

30 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026	31 December 2025
Financial liabilities designated at fair value through profit or loss		
– Structured notes	**2,280,123**	1,849,403
Total	**2,280,123**	1,849,403

(Expressed in thousands of Renminbi, unless otherwise stated)

31 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) *Analysed by type and location of counterparty*

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**15,146,844**	23,088,837
Accrued interest	**430**	1,711
Total	**15,147,274**	23,090,548

(2) *Analysed by types of collateral*

	30 June 2026	31 December 2025
Debt securities	**7,632,915**	17,489,058
Discounted bills	**7,513,929**	5,599,779
Accrued interest	**430**	1,711
Total	**15,147,274**	23,090,548

32 DEPOSITS FROM CUSTOMERS

	30 June 2026	31 December 2025
Demand deposits		
– Corporate customers	**94,570,441**	94,623,911
– Personal customers	**33,080,897**	31,590,628
Sub-total	**127,651,338**	126,214,539
Time deposits		
– Corporate customers	**161,544,652**	155,893,776
– Personal customers	**237,229,076**	220,639,926
Sub-total	**398,773,728**	376,533,702
Other deposits	**150,729**	150,903
Accrued interest	**7,384,831**	9,222,311
Total	**533,960,626**	512,121,455
Including:		
Pledged deposits	**38,898,858**	42,382,272

(Expressed in thousands of Renminbi, unless otherwise stated)

33 DEBT SECURITIES ISSUED

	30 June 2026	31 December 2025
Debt securities issued *(Note (i))*	**15,795,977**	21,791,756
Certificates of interbank deposit issued *(Note (ii))*	**90,638,320**	99,848,537
Accrued interest	**245,972**	262,437
Total	**106,680,269**	121,902,730

Notes:

(i) The Group has issued several debt securities with fixed interest rates. The details are as follows:

(a) Three-year Green Bonds were issued with an interest rate of 2.84% per annum and with a nominal amount of RMB8.0 billion in December 2023. The debts will mature on 4 December 2026 with annual interest payments. As at 30 June 2026, the fair value of the debts was RMB8.176 billion (31 December 2025: RMB8.103 billion).

(b) Ten-year Tier-two Capital Bonds were issued with an interest rate of 2.15% per annum and with a nominal amount of RMB2.0 billion in December 2024. The debts will mature on 16 December 2034 with annual interest payments. The Group has an option to redeem the debts at the end of the fifth year. As at 30 June 2026, the fair value of the debts was RMB2.049 billion. (31 December 2025: RMB1.995 billion).

(c) Three-year Financial Bonds were issued with an interest rate of 1.71% per annum and with a nominal amount of RMB4.0 billion in July 2025. The debts will mature on 16 July 2028 with annual interest payments. As at 30 June 2026, the fair value of the debts was RMB4.081 billion. (31 December 2025: RMB4.020 billion).

(d) Five-year Innovation and Technology Bond were issued with an interest rate of 1.87% per annum and with a nominal amount of RMB1.0 billion in September 2025. The debts will mature on 23 September 2030 with annual interest payments. As at 30 June 2026, the fair value of the debts was RMB1.023 billion. (31 December 2025: RMB1.002 billion).

(e) Three-year Financial Bonds were issued by Qingdao Qingyin Financial Leasing Co., Ltd. with an interest rate of 1.78% per annum and with a nominal amount of RMB1.0 billion in July 2025. The debts will mature on 9 July 2028 with annual interest payments. As at 30 June 2026, the fair value of the debts was RMB1.019 billion. (31 December 2025: RMB1.003 billion).

(f) Ten-year Tier-two Capital Bonds were issued with an interest rate of 4.80% per annum and with a nominal amount of RMB4.0 billion in March 2021. The debts will mature on 24 March 2031 with annual interest payments. The Group has an option to redeem the debts at the end of the fifth year. The Group redeemed the bonds at par value on 24 March 2026.

(g) Ten-year Tier-two Capital Bonds were issued with an interest rate of 4.34% per annum and with a nominal amount of RMB2.0 billion in May 2021. The debts will mature on 28 May 2031 with annual interest payments. The Group has an option to redeem the debts at the end of the fifth year. The Group redeemed the bonds at par value on 28 May 2026.

(ii) The Group issued a number of transferable certificates of interbank deposit with duration between 1 month to 1 year. As at 30 June 2026 and 31 December 2025, the outstanding fair value of certificates of interbank deposit was RMB90.692 billion and RMB99.876 billion respectively.

(Expressed in thousands of Renminbi, unless otherwise stated)

34 LEASE LIABILITIES

Maturity analysis on lease liabilities of the Group – analysis on undiscounted cash flows:

	30 June 2026	31 December 2025
Less than 1 year (inclusive)	**133,371**	161,422
1 year to 2 years (inclusive)	**106,134**	106,493
2 years to 3 years (inclusive)	**90,162**	94,356
3 years to 5 years (inclusive)	**113,162**	124,603
More than 5 years	**73,860**	79,147
Total undiscounted lease liabilities	**516,689**	566,021
Lease liabilities on statement of financial position	**486,174**	511,017

Note:

(i) The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases or leases of low value assets.

35 OTHER LIABILITIES

	Note	**30 June 2026**	31 December 2025
Employee benefits payable	*35(1)*	**1,132,633**	1,420,882
Expected credit loss on credit commitments	*35(2)*	**931,651**	861,013
Settlement payable		**755,002**	214,552
Taxes payable	*35(3)*	**258,422**	229,992
Risk guarantee deposits for leasing business		**156,866**	156,265
Continuously involved liabilities		**91,744**	237,168
Payable arising from fiduciary activities		**37,870**	40,755
Dividend payable		**22,713**	21,744
Others		**858,907**	1,021,073
Total		**4,245,808**	4,203,444

(Expressed in thousands of Renminbi, unless otherwise stated)

35 OTHER LIABILITIES (continued)

(1) Employee benefits payable

	30 June 2026	31 December 2025
Salaries, bonuses and allowances payable	**957,096**	1,252,816
Staff welfare expenses	**8,340**	8,340
Labor union expenses and staff education expenses	**79,934**	73,246
Post-employment benefits		
– defined contribution plans *(Note (i))*	**313**	–
Early retirement and supplementary retirement plans *(Note (ii))*	**86,950**	86,480
Total	**1,132,633**	1,420,882

Notes:

(i) Pursuant to the relevant laws and regulations of the PRC, the Group participated in a defined contribution basic pension insurance and unemployment insurance under the social insurance system established and managed by government authorities, and annuity plan.

As for defined contribution plan, forfeited contributions may not be used by the Group to reduce the existing level of contributions.

(ii) Early retirement and supplementary retirement plans

Early retirement plan

The Bank provides early retirement benefit to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date.

Supplementary retirement plan

The Bank provides a supplementary retirement plan to its eligible employees.

In accordance with the projected unit credit method, the Bank measures the obligations using actuarial assumptions to estimate the present value of the payables of early retirement and supplementary retirement plan.

Primary assumptions used:

	30 June 2026	31 December 2025
Discount rate – early retirement plans	**1.50%**	1.50%
Discount rate – supplementary retirement plans	**2.25%**	2.25%

Assumptions regarding future mortality experience are based on the China Life Insurance Mortality Table (2010-2013), which is published historical statistics in China.

As at 30 June 2026 and 31 December 2025, there was no significant change in liabilities of early retirement and supplementary retirement plans that was attributable to changes in actuarial assumptions.

35 OTHER LIABILITIES (continued)

(2) Expected credit loss on credit commitments

	30 June 2026	31 December 2025
12-month ECL	**927,632**	859,787
Lifetime ECL		
– not credit-impaired loans	**360**	1,226
– credit-impaired loans	**3,659**	–
Total	**931,651**	861,013

The expected credit loss on credit commitments is evaluated based on ECL. For the six months ended 30 June 2026 and the year ended 31 December 2025, credit commitments were mainly distributed in stage one, and the conversion amount between stages was not significant.

(3) Taxes payable

	30 June 2026	31 December 2025
Value added tax payable	**196,856**	173,511
Urban construction tax and surcharges payable	**38,001**	34,844
Others	**23,565**	21,637
Total	**258,422**	229,992

36 SHARE CAPITAL

Authorised and issued share capital

	30 June 2026	31 December 2025
Number of shares authorised, issued and fully paid at nominal value (in thousands)	**5,820,355**	5,820,355

37 OTHER EQUITY INSTRUMENTS

(1) Perpetual bonds outstanding at the end of the accounting period

The Bank's undated capital bonds (the "Perpetual bonds") outstanding in the statement of financial position on 30 June 2026 are as follows:

Financial instruments issued	Issue date	Accounting classification	Initial Interest rate	Issue price	Amount *(in thousands of units)*	In RMB *(in thousands)*	Maturity	Conversion
2022 Domestic Perpetual Bond Series 1	14 July 2022	Equity	3.70%	100RMB/Unit	40,000	3,997,236	Perpetual	None
2022 Domestic Perpetual Bond Series 2	16 Aug 2022	Equity	3.55%	100RMB/Unit	24,000	2,398,547	Perpetual	None
2025 Domestic Perpetual Bond	24 Oct 2025	Equity	2.45%	100RMB/Unit	20,000	2,000,000	Perpetual	None
Book value						8,395,783		

(2) Main Clauses and Basic information

With the approvals or authorization of relevant regulatory authorities, the Bank issued RMB4 billion, RMB2.4 billion and RMB2 billion of Perpetual Capital Bonds on 14 July 2022, 16 August 2022 and 24 October 2025 (hereinafter referred to as "2022 Domestic Perpetual Bond Series 1", "2022 Domestic Perpetual Bond Series 2" and "2025 Domestic Perpetual Bond" respectively, collectively "Domestic Perpetual Bonds") in the National Interbank Bond Market. The funds raised from the bonds are used to supplement additional tier 1 capital of the Bank in accordance with the relevant laws and approvals or authorization by regulatory authorities.

(a) Interest

Each Domestic Perpetual Bond has a par value of RMB100, and the interest rate of the bonds for the first five years are 3.70% for 2022 Domestic Perpetual Bond Series 1, 3.55% for 2022 Domestic Perpetual Bond Series 2 and 2.45% for 2025 Domestic Perpetual Bond, resetting every 5 years. The rates are determined by a benchmark rate plus a fixed spread. The initial fixed spreads are the difference between the interest rate and the benchmark rate as determined at the time of issuance. The fixed spread will not be adjusted once determined during the duration period. The interest of Domestic Perpetual Bond shall be paid annually.

(b) Interest stopper and setting mechanism

The interest payment for both the Domestic Perpetual Bonds is non-cumulative. The Bank shall have the right to cancel, in whole or in part, distributions on the interest payment and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. However, the Bank shall not distribute profits to ordinary shareholders until resumption of full interest payment.

(c) Order of distribution and liquidation method

The claims in respect of Domestic Perpetual Bonds will be subordinated to claims of depositors, general creditors, and subordinated indebtedness that rank senior to Domestic Perpetual Bonds, and will rank in priority to all classes of shares held by shareholders of the Bank. Domestic Perpetual Bond will rank pari passu with the claims in respect of any other Additional Tier 1 Capital instruments of the Bank that rank pari passu with the perpetual bonds.

37 OTHER EQUITY INSTRUMENTS (continued)

(2) Main Clauses and Basic information (continued)

(d) Write down conditions

Upon the occurrence of the non survival trigger event, without the need for the consent of the holders of the Domestic Perpetual Bonds, the Bank has the right to write down all or part of the aggregate amount of the Bonds then issued and outstanding. The non survival trigger event means the earlier of the following events: the regulatory authority having concluded that without a write-off of the Bank's capital, the Bank would become non-viable, and the relevant authorities having concluded that without a public sector injection of capital or equivalent support, the Bank would become non-viable. The write down is unrecoverable.

(e) Redemption

The duration of the Domestic Perpetual Bonds is the same as the continuing operation of the Bank. Five years after the issuance date of the Domestic Perpetual Bonds, the Bank shall have the right to redeem them in whole or in part on each distribution payment date (including the fifth distribution payment date since the issuance). In the event that the Domestic Perpetual Bonds are not classified as additional tier 1 capital due to unpredicted changes in regulations, the Bank shall have the right to redeem Domestic Perpetual Bonds fully instead of partly.

(3) Changes in perpetual bonds outstanding

	31 December 2025		Increase during the period		30 June 2026	
Perpetual bonds outstanding	Amount (in thousands of units)	Book value (in thousands of RMB)	Amount (in thousands of units)	Book value (in thousands of RMB)	Amount (in thousands of units)	Book value (in thousands of RMB)
Domestic						
2022 Domestic Perpetual Bond Series 1	40,000	3,997,236	–	–	40,000	3,997,236
2022 Domestic Perpetual Bond Series 2	24,000	2,398,547	–	–	24,000	2,398,547
2025 Domestic Perpetual Bond	20,000	2,000,000	–	–	20,000	2,000,000
Total	84,000	8,395,783	–	–	84,000	8,395,783

(4) Relevant information on equity attribute to holders of equity instruments

Items	30 June 2026	31 December 2025
Total equity attribute to equity holders of the Bank	**52,101,694**	49,167,148
– Equity attribute to ordinary shareholders of the Bank	**43,705,911**	40,771,365
– Equity attribute to other equity instrument holders of the Bank	**8,395,783**	8,395,783
Total equity attribute to non-controlling interests	**1,127,235**	1,087,308
– Equity attribute to non-controlling interests of ordinary shares	**1,127,235**	1,087,308

38 RESERVES

(1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of nominal value.

(2) Surplus reserve

The surplus reserve at the end of the reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund.

Pursuant to the Company Law of the PRC and the Articles of Association, the Bank is required to appropriate 10% of its net profit as determined under the Accounting Standards for Business Enterprises issued by the MOF after offsetting prior year's accumulated losses, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

(3) General reserve

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No.20)" issued by the MOF in March 2012, the Bank is required to set aside a general reserve from net profit as profit appropriation which should not be lower than 1.50% of the ending balance of its gross risk-bearing assets.

The Bank's subsidiaries appropriate their profits to the general reserve according to the applicable industry regulations.

The Bank set aside a general reserve upon approval by the board of directors. The general reserve balance of the Bank as at 31 December 2025 amounted to RMB9.598 billion, which has reached 1.50% of the year ending balance of the Bank's gross risk-bearing assets respectively.

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RESERVES (continued)

(4) Other comprehensive income

	Six months ended 30 June 2026						
Items	Balance at the beginning of the period	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Previously recognised amount transferred to retained earnings	Less: Income tax expense	Net-of-tax amount	Balance at the end of the period
Items that will not be reclassified to profit or loss							
Including: Remeasurements of defined benefit plan	(27,451)	-	-	-	-	-	(27,451)
Changes in fair value of financial assets designated at fair value through other comprehensive income	86,728	8,893	-	-	(2,223)	6,670	93,398
Items that may be reclassified to profit or loss							
Including: Changes in fair value from financial assets measured at fair value through other comprehensive income	895,751	556,975	(70,170)	-	(122,466)	364,339	1,260,090
Expected credit losses of financial assets measured at fair value through other comprehensive income	973,160	876,697	(886,632)	-	2,484	(7,451)	965,709
Total	1,928,188	1,442,565	(956,802)	-	(122,205)	363,558	2,291,746

(Expressed in thousands of Renminbi, unless otherwise stated)

38 RESERVES (continued)

(4) Other comprehensive income (continued)

	2025						
Item	Balance at the beginning of the year	Before-tax amount	Less: Previously recognised amount transferred to profit or loss	Less: Previously recognised amount transferred to retained earnings	Less: Income tax expense	Net-of-tax amount	Balance at the end of the year
Items that will not be reclassified to profit or loss							
Including: Remeasurements of defined benefit plan	(29,551)	2,800	–	–	(700)	2,100	(27,451)
Changes in fair value of financial assets designated at fair value through other comprehensive income	83,788	4,208	–	–	(1,268)	2,940	86,728
Items that may be reclassified to profit or loss							
Including: Changes in fair value from financial assets measured at fair value through other comprehensive income	2,221,221	(1,484,637)	(282,656)	–	441,823	(1,325,470)	895,751
Credit losses of financial assets measured at fair value through other comprehensive income	441,075	1,203,284	(493,838)	–	(177,361)	532,085	973,160
Total	2,716,533	(274,345)	(776,494)	–	262,494	(788,345)	1,928,188

39 PROFIT APPROPRIATION

(1) At the Bank's 2025 annual general meeting held on 28 May 2026, the directors approved the following profit appropriation for the year ended 31 December 2025:

- Appropriated RMB497 million to surplus reserve;
- Appropriated RMB1,627 million to general reserve;
- Declared cash dividends to all ordinary shareholders of approximately RMB1,048 million representing RMB1.80 per 10 shares (including tax).

(2) A distribution payment related to the 2022 Domestic Perpetual Bond Series 1, at the distribution rate of 3.70% with the total amount of RMB4.0 billion, amounting to RMB148 million in total was distributed on 18 July 2025.

A distribution payment related to the 2022 Domestic Perpetual Bond Series 2, at the distribution rate of 3.55% with the total amount of RMB2.4 billion, amounting to RMB85.20 million in total was distributed on 18 August 2025.

(3) At the Bank's board of directors meeting held on 28 May 2025, the directors approved the following profit appropriation for the year ended 31 December 2024:

- Appropriated RMB388 million to surplus reserve;
- Appropriated RMB899 million to general reserve;
- Declared cash dividends to all ordinary shareholders of approximately RMB931 million representing RMB1.60 per 10 shares (including tax).

40 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents:

	30 June 2026	30 June 2025
Cash	**508,434**	478,110
Surplus deposit reserves with the central bank	**6,737,856**	9,354,166
Original maturity within three months:		
– Deposits with banks and other financial institutions	**3,600,667**	10,230,476
– Placements with banks and other financial institutions	**200,000**	937,929
– Certificates of interbank deposit issued	**–**	1,208,918
Total	**11,046,957**	22,209,599

41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Relationship of related parties

(a) Major shareholders

Major shareholders include shareholders of the Bank with direct ownership of 5% or above.

Major shareholders' information

Name of shareholders	Number of ordinary shares of the Bank held by the Shareholder *(in thousands)*	Proportion of ordinary shares of the Bank held by the Shareholder: 30 June 2026	Proportion of ordinary shares of the Bank held by the Shareholder: 31 December 2025	Registered location	Principal activities	Legal form	Legal representative
Intesa Sanpaolo S.p.A. ("ISP")	1,018,562	**17.50%**	17.50%	Italy	Commercial banking	Joint stock limited company	Gian Maria GROS-PIETRO
Qingdao Conson Industry-Finance Holdings (Group) Co., Ltd. ("Qingdao Conson")	945,453	**16.24%**	15.42%	Qingdao	State-owned assets operation and investment, import and export of goods and technology	Limited liability company	Liu Bingbing
Qingdao Haier Industrial Development Co., Ltd. ("Haier Industrial Development")	532,601	**9.15%**	9.15%	Qingdao	Business services	Limited liability company	Xie Juzhi

41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(1) Relationship of related parties (continued)

(a) Major shareholders (continued)

Changes in ordinary shares of the Bank held by major shareholders

	ISP		Qingdao Conson		Haier Industrial Development	
	Number *(in thousands of shares)*	**Percentage**	**Number** *(in thousands of shares)*	**Percentage**	**Number** *(in thousands of shares)*	**Percentage**
As at 1 January 2025	1,018,562	17.50%	654,623	11.25%	532,601	9.15%
Increase	–	–	243,000	4.17%	–	–
As at 31 December 2025	1,018,562	17.50%	897,623	15.42%	532,601	9.15%
Increase	**–**	**–**	**47,830**	**0.82%**	**–**	**–**
As at 30 June 2026	**1,018,562**	**17.50%**	**945,453**	**16.24%**	**532,601**	**9.15%**

Changes in registered capital of major shareholders

	Currency	**30 June 2026**	31 December 2025
ISP	EUR	**10,529 Million**	10,369 Million
Qingdao Conson	RMB	**10,000 Million**	10,000 Million
Haier Industrial Development	RMB	**4,500 Million**	4,500 Million

(b) Subsidiaries of the Bank

The detailed information of the Bank's subsidiaries is set out in Note 21.

(c) Other related parties

Other related parties include members of the board of directors, senior management and close family members of such individuals; entities (and their subsidiaries) which members of the board of directors, senior management, and close family members of such individuals can control, jointly control or act as directors or senior management, etc.

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(2) Related party transactions and balances

Related party transactions of the Group mainly refer to loans, deposits and financial investments, which are entered into in the normal course and terms of business at the time of the transaction, with consistent pricing policies as in transactions with independent third parties.

(a) Transactions with the related parties except subsidiaries (excluding remuneration of key management personnel)

	ISP and its group	Qingdao Conson and its group	Haier Industrial Development and its group	Other corporate related parties	Other individual related parties	Total	Proportion to gross amount/ balance of similar transactions
As at 30 June 2026							
Loans and advances to customers	–	123,832	2,162,311	49,407	251,502	2,587,052	0.62%
Financial investments measured at amortised cost	–	898,692	–	40,457	–	939,149	0.61%
Financial investments measured at fair value through other comprehensive income	–	908,157	–	–	–	908,157	0.86%
Financial investments measured at fair value through profit or loss	–	121,573	–	–	–	121,573	0.14%
Deposits with banks and other financial institutions	3,017	–	–	–	–	3,017	0.07%
Placements with banks and other financial institutions	–	–	500,554	–	–	500,554	3.15%
Deposits from customers	54,443	211,860	241,583	99,578	975,931	1,583,395	0.30%
Deposits from banks and other financial institutions	–	342,073	11,488	–	–	353,561	0.67%
Credit commitments:							
Bank acceptances	–	–	95,020	–	–	95,020	0.18%
Letter of Credit	–	–	–	40,000	–	40,000	0.17%
Letters of guarantees	–	–	–	150	–	150	0.00%
Six months ended 30 June 2026							
Interest income	–	28,087	32,169	604	3,615	64,475	0.53%
Interest expense	206	669	505	152	6,847	8,379	0.14%
Fee and commission income	22	–	–	1,200	–	1,222	0.10%
Fee and commission expenses	–	36	–	–	–	36	0.02%
Net trading gains/(losses)	–	11	–	–	–	11	0.00%

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(2) Related party transactions and balances (continued)

(a) Transactions with the related parties except subsidiaries (excluding remuneration of key management personnel) (continued)

	ISP and its group	Qingdao Conson and its group	Haier Industrial Development and its group	Other corporate related parties	Other individual related parties	Total	Proportion to gross amount/ balance of similar transactions
As at 31 December 2025							
Loans and advances to customers	–	15,983	2,169,352	35,225	256,646	2,477,206	0.64%
Financial investments measured at amortised cost	–	403,620	–	39,906	–	443,526	0.32%
Financial investments measured at fair value through other comprehensive income	–	787,561	30,289	–	–	817,850	0.84%
Financial investments measured at fair value through profit or loss	–	120,508	–	–	–	120,508	0.16%
Deposits with banks and other financial institutions	255	–	–	–	–	255	0.00%
Placements with banks and other financial institutions	–	–	507,175	–	–	507,175	2.78%
Deposits from customers	64,525	125,671	224,509	278,119	956,444	1,649,268	0.32%
Deposits from banks and other financial institutions	–	59,391	21,791	–	–	81,182	0.28%
Credit commitments:							
Bank acceptances	–	–	110,041	213,520	–	323,561	0.58%
Letters of guarantees	–	–	–	434	–	434	0.00%
Six months ended 30 June 2025							
Interest income	–	16,301	43,552	588	4,022	64,463	0.57%
Interest expense	303	734	899	1,184	8,675	11,795	0.20%

(Expressed in thousands of Renminbi, unless otherwise stated)

41 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

(2) Related party transactions and balances (continued)

(b) Transactions with subsidiaries

	30 June 2026	31 December 2025
Balances at the end of the period/year:		
Financial investments measured at amortised cost	**203,240**	201,480
Placements with banks and other financial institutions	**909,455**	1,214,764
Deposits from banks and other financial institutions	**1,445,181**	2,948,368
Other liabilities	**558**	1,524

	Six months ended 30 June	
	2026	2025
Transactions during the period:		
Interest income	**11,233**	12,975
Interest expense	**10,621**	6,549
Fee and commission income	**102,860**	76,171
Other net operating income	**1,014**	1,017

Intra-group balances and transactions are eliminated in full in preparing the consolidated financial statements.

(3) Key management personnel

The Bank's key management personnel includes people having authority and responsibility, directly or indirectly, to plan, command and control the activities of the Bank, including directors, supervisors and senior management at bank level.

	Six months ended 30 June	
	2026	2025
Remuneration of key management personnel	**6,339**	9,645

The Bank enters into banking transactions with key management personnel in the normal course of business. For the reporting period, the Bank had no material banking transactions and balances with key management personnel. As at 30 June 2026, the credit card overdraft balance of the Bank to the key management personnel amounted to RMB61.6 thousand (31 December 2025: RMB49.4 thousand), which have been included in loans and advances to related parties stated in Note 41(2).

(4) Transactions with the annuity

Except for normal contributions, there were no other related party transactions in the enterprise annuity funds established by the Group during the reporting period.

42 SEGMENT REPORTING

The Group manages its businesses by business lines. Segment assets and liabilities, and segment income, expense and operating results are measured in accordance with the Group's accounting policies. Internal charges and transfer pricing of transactions between segments are determined for management purpose and have been reflected in the performance of each segment. Interest income and expenses earned from third parties are referred to as "External net interest income/expense". Net interest income and expenses arising from internal charges and transfer pricing adjustments are referred to as "Internal net interest income/expense".

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

The Group defines its reporting segments based on the following for management purpose:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, deposit taking activities, agency services, remittance and settlement services.

Retail banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans and deposit services.

Financial market business

This segment covers financial market operations. The financial market business enters into inter-bank money market transactions, repurchases transactions, investments in debt securities, and non-standardised debt investments, etc.

Unallocated items and others

This segment contains related business of Qingdao Qingyin Financial Leasing Company Limited, head office assets, liabilities, income and expenses that are not directly attributable to a segment.

(Expressed in thousands of Renminbi, unless otherwise stated)

42 SEGMENT REPORTING (continued)

	Six months ended 30 June 2026				
	Corporate banking	Retail banking	Financial market business	Unallocated items and others	Total
External net interest income/ (expense)	4,699,150	(818,466)	1,951,886	331,616	6,164,186
Internal net interest (expense)/ income	(1,032,254)	2,616,596	(1,584,342)	–	–
Net interest income	3,666,896	1,798,130	367,544	331,616	6,164,186
Net fee and commission income/(expense)	557,979	222,823	291,505	(1,152)	1,071,155
Net trading gains/(losses)	83,411	2,876	171,847	–	258,134
Net gains arising from investments	20,353	–	823,722	–	844,075
Other net operating income	6,948	4,283	152	4,874	16,257
Operating income	4,335,587	2,028,112	1,654,770	335,338	8,353,807
Operating expenses	(967,094)	(627,725)	(272,611)	(31,656)	(1,899,086)
Expected credit losses	(1,421,412)	(656,141)	264,675	(4,157)	(1,817,035)
Impairment losses on other assets	(477)	–	–	–	(477)
Profit before taxation	1,946,604	744,246	1,646,834	299,525	4,637,209
Other segment information					
– Depreciation and amortisation	(153,446)	(112,933)	(41,117)	(2,233)	(309,729)
– Capital expenditure	96,602	71,079	21,465	1,979	191,125

	30 June 2026				
	Corporate banking	Retail banking	Financial market business	Unallocated items and others	Total
Segment assets	366,761,790	89,481,897	372,337,265	15,354,986	843,935,938
Deferred tax assets					4,452,521
Total assets					848,388,459
Segment liabilities/Total liabilities	310,244,228	277,088,480	195,210,721	12,616,101	795,159,530
Credit commitments	92,795,108	18,570,500	–	–	111,365,608

(Expressed in thousands of Renminbi, unless otherwise stated)

42 SEGMENT REPORTING (continued)

	Six months ended 30 June 2025				
	Corporate banking	Retail banking	Financial market business	Unallocated items and others	Total
External net interest income/(expense)	3,980,314	(924,911)	1,957,096	349,268	5,361,767
Internal net interest (expense)/income	(930,536)	2,442,677	(1,512,141)	–	–
Net interest income	3,049,778	1,517,766	444,955	349,268	5,361,767
Net fee and commission income/(expense)	487,492	156,967	164,965	(1,960)	807,464
Net trading gains/(losses)	40,620	43	19,516	–	60,179
Net gains arising from investments	18,886	–	1,383,403	–	1,402,289
Other net operating income	23,358	(4,639)	(375)	7,967	26,311
Operating income	3,620,134	1,670,137	2,012,464	355,275	7,658,010
Operating expenses	(783,147)	(652,428)	(344,048)	(36,379)	(1,816,002)
Expected credit losses	(1,167,592)	(496,261)	(550,845)	(17,653)	(2,232,351)
Impairment losses on other assets	(1,299)	–	–	–	(1,299)
Profit before taxation	1,668,096	521,448	1,117,571	301,243	3,608,358
Other segment information					
– Depreciation and amortisation	(124,194)	(127,421)	(48,204)	(1,914)	(301,733)
– Capital expenditure	37,803	38,785	14,009	5,409	96,006

	31 December 2025				
	Corporate banking	Retail banking	Financial market business	Unallocated items and others	Total
Segment assets	339,882,223	95,792,777	356,576,640	18,335,494	810,587,134
Deferred tax assets					4,372,950
Total assets					814,960,084
Segment liabilities/Total liabilities	297,805,963	261,014,570	188,697,268	17,187,827	764,705,628
Credit commitments	88,382,878	19,325,228	–	–	107,708,106

43 RISK MANAGEMENT

The main risks of the Group are described and analysed as follows:

The board of directors has the ultimate responsibility for risk management and oversees the Group's risk management functions through the Risk Management and Consumer Right Protection Committee, the Audit Committee and the Related Party Transaction Control Committee, etc.

In accordance with the risk management strategy determined by the board of directors, the senior management keeps abreast of the level of risk and the management status, enabling the Group to have sufficient resources to develop and implement risk management policies and systems, and to monitor, identify and control risks in various businesses.

The Group establishes the enterprise risk management committee, which is mainly in charge of the enterprise risk management. Each department within the Group implements risk management policies and procedures in accordance with their respective management functions and is responsible for their own risk management in their respective business areas.

Each branch establishes a branch risk management committee, which is mainly in charge of the management and control of various risks of the branch, evaluating the risk status of the branch regularly, determining and improving the risk management and internal control measures and methods, etc., under the guidance from relevant risk management departments of the head office. Each branch should report major risk events to the relevant risk management department of the head office, and carry out risk enhancement plans or improvements proposed by the head office department.

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include: credit risk, interest rate risk, foreign currency risk, liquidity risk and operational risk. This note presents information about the Group's exposure to each of the above risks and their sources, as well as the Group's risk management objectives, policies and processes for measuring and managing risks.

The Group aims to seek an appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group has established policies and procedures to identify and analyse these risks, to set appropriate risk limits and controls, and to constantly monitor the risks and utilisation of limits by means of reliable and up-to-date management information systems.

43 RISK MANAGEMENT (continued)

(1) Credit risk

(a) Definition and scope

Credit risk represents the financial loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the Group. Credit risk mainly arises from loan portfolio, investment portfolio, guarantees and various other on- and off-balance sheet credit risk exposures.

The Risk Management and Consumer Right Protection Committee of the Board monitors the controls of credit risk, and regularly reviews related reports on risk profile. Credit risk management is under the unified leadership of the Comprehensive Risk Management Committee of the head office. Each business unit is required to implement credit policies and procedures, and is responsible for the management of the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Without taking account of any collateral and other credit enhancements, the maximum exposure to credit risk is represented by the carrying amount of each type of financial assets and the contract amount of credit commitments. In addition to the Group's credit commitments disclosed in Note 45(1), the Group did not provide any other guarantee that might expose the Group to credit risk. The maximum exposure to credit risk in respect of above credit commitments as at the end of the reporting period is disclosed in Note 43(1).

In order to ensure that the current risk classification of financial assets of the Group meets requirements of the Measures for Risk Classification of Financial Assets of Commercial Banks (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People's Bank of China), the risk classification of financial assets of the Group shall be adjusted dynamically at least quarterly. Financial assets are classified by their level of risk into the five categories of Normal, Special-mention, Substandard, Doubtful, and Loss, with the latter three collectively referred to as non-performing assets.

The core of the five categories are defined as follows:

Normal: The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time.

Special-mention: The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.

Substandard: The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment.

Doubtful: The debtor has already been incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment.

Loss: None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(b) Credit risk assessment method

Stage of financial instruments

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

The three risk stages are defined as follows:

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

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. An amount equal to lifetime ECL is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. An amount equal to lifetime ECL is recognised as loss allowance.

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

– Failure to make payments of principal or interest on their contractually due dates;

– An actual or expected significant deterioration in a financial instrument's external or internal credit rating;

– An actual or expected significant deterioration in the operating results of the debtor; and

– Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(b) Credit risk assessment method (continued)

Definition of default

The Group considers a financial asset to be in default when:

– The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– The financial asset is more than 90 days past due.

Credit impairment assessment

At the end of each reporting period, the Group assesses whether financial assets carried at amortised cost and financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

– Significant financial difficulty of the issuer or borrower;

– A breach of contract, such as a default or delinquency in interest or principal payments for over 90 days, etc;

– For economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;

– It is probable that the borrower will enter bankruptcy or other financial reorganisation; or

– The disappearance of an active market for that financial asset because of the issuer's or borrower's financial difficulties.

Measuring ECL – the parameters, assumptions and valuation techniques

Based on whether there is significant increase in credit risk since initial recognition and whether the financial instrument has suffered credit impairment, the Group measures allowances for loss of different financial instruments with 12-month ECL or lifetime ECL respectively. The expected credit loss is the result of the product of three key parameters, namely the probability of default (PD), loss given default (LGD) and exposure at default (EAD), taking into account the time value. The definitions of these terms are as follows:

• PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. The Group's PD is adjusted based on the results of the internal rating model, taking into account the forward-looking information to reflect the influence on future's point-in-time PD;

• LGD is expressed as a percentage loss per unit of exposure at the time of default. It varies depending on the type of products, collateral and other factors;

• EAD is based on the amounts the Group expects to be at risk at the time of default.

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(b) Credit risk assessment method (continued)

The Group considered credit risk characteristics such as product type, client type and the industry in which the client operates, and has divided exposures with common credit risk characteristics into separate groups. The impairment of expected credit loss is calculated by the method of single evaluation and combination evaluation The Group obtained sufficient information to ensure it is statistically reliable.

During the reporting period, there has been no significant changes in the estimate techniques and key assumptions of the Group.

The impairment loss on credit-impaired corporate loans and advance to customers applied cash flow discount method, if there is objective evidence that an impairment loss on a loan or advance has incurred, the amount of the loss is measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The allowance for impairment loss is deducted in the carrying amount. The impairment loss is recognised in the statement of profit or loss. In determining allowances on an individual basis, the following factors are considered:

- The sustainability of the borrower's business plan;
- The borrower's ability to improve performance once a financial difficulty has arisen;
- The estimated recoverable cash flows from projects and liquidation;
- The availability of other financial support and the realisable value of collateral; and
- The timing of the expected cash flows.

It may not be possible to identify a single, or discrete events that result in the impairment, but it may be possible to identify impairment through the combined effect of several events. The impairment losses are evaluated at the end of each reporting period, unless unforeseen circumstances require more careful attention.

Forward-looking information contained in ECL

Both the assessment of significant increase in credit risk since initial recognition and the measurement of ECL of financial instruments involve forward-looking information.

The Group assumes three economic scenarios: the base scenario in line with the average internal forecast; the upside scenario and the downside scenario. The average scenario has the highest weighting. Weighted credit loss is the expected credit loss calculated by assigning scenario weighting of multiple scenarios.

Based on the analysis on historical data, the Group periodically assessed alternative macroeconomic indicators and identified key economic indicators that affect the credit risk and ECL of business types, including gross domestic product, trade balance, and value of exports etc. The Group identified the relations between these economic indicators and the probability of default historically by conducting regression analysis, and identified the expected probability of default by predicting future economic indicators.

For the six months ended 30 June 2026, the Group has taken into account different macroeconomic scenarios and made forward-looking forecasts of key economic indicators, including the average forecasted year-on-year growth rate of gross domestic product, used to estimate ECL, which is about 4.87% in the neutral scenario.

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(b) Credit risk assessment method (continued)

The Group has carried out sensitivity analysis of key economic variables, used in forward-looking measurement. As at 30 June 2026 and 31 December 2025, when the key economic indicators in the neutral scenario move up or down by 5.00%, the ECL will not change by more than 5.00%.

Similar to other economic forecasts, there is highly inherent uncertainty in the assessment of estimated economic indicators and the probability of occurrence, and therefore, the actual results may be materially different from the forecasts. The Group believes that these forecasts reflect the Group's best estimate of possible outcomes.

Other forward-looking factors not incorporated in above scenarios, such as the impact of regulatory and legal changes, have also been taken into account. However, they were not considered to have significant impact, and the ECL were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

(c) Assessing credit risk of financial assets after the amendment of contractual cash flows

In order to maximise cash collection, the Group may modify the contractual terms of loans as a result of business negotiations or due to financial difficulties of the borrowers at times.

Such modification may include extended payment term arrangements, payment holidays and payment forgiveness. The Group's loan rescheduling policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. The restructuring of loans is most common in the management of medium and long-term loans.

(d) Collaterals and other credit enhancements

The Group and its subsidiaries have established a range of risk management policies and adopted various methods to mitigate credit risk. A critical method for the Group to control its credit risks is to get collateral, security deposits and guarantees from enterprises or individuals. The Group has specified acceptable types of collaterals, mainly including the following:

– Real estate and land use rights

– Machinery and equipment

– Right to receive payments and accounts receivable

– Financial instruments such as time deposits, debt securities and equities

In order to minimise its credit risk, once an indication of impairment has been identified with an individual loan, the Group will seek additional collateral from counterparties/require additional guarantors or reduce the credit limit. It is the Group's policy to dispose of repossessed assets in an orderly manner. In general, the Group does not hold repossessed assets for business use.

Collateral held as security for financial assets other than loans and receivables is determined by the nature of the financial instruments. Debt securities are generally unsecured while asset-backed securities and other similar instruments, are usually secured by portfolios of financial instruments.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(e) Maximum credit risk exposure

As at the end of the reporting period, the maximum credit risk exposure of the Group without taking account of any collateral and other credit enhancements is set out below:

	30 June 2026	31 December 2025
Deposits with the central bank	**33,050,993**	42,464,995
Deposits with banks and other financial institutions	**4,597,014**	9,953,265
Placements with banks and other financial institutions	**15,910,232**	18,254,853
Derivative financial assets	**372,234**	507,591
Financial assets held under resale agreements	**8,585,902**	17,975,490
Loans and advances to customers	**416,738,421**	387,692,967
Financial investments		
– Financial investments measured at fair value through profit or loss	**40,200,614**	25,312,716
– Financial investments measured at fair value through other comprehensive income	**105,217,665**	97,647,419
– Financial investments measured at amortised cost	**152,878,592**	137,024,491
Long-term receivables	**15,239,157**	17,461,304
Others	**1,749,121**	1,038,519
Subtotal	**794,539,945**	755,333,610
Credit commitments	**111,365,608**	107,708,106
Total	**905,905,553**	863,041,716

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(f) Risk concentrations

Credit risk is often greater when transactions are concentrated in one single industry or have comparable economic features. In addition, different industrial sectors have their sector unique characteristics in terms of economic development, and could present a different credit risk.

The composition of the Group's gross loans and advances to customers (excluding accrued interest) by industry is analysed as follows:

	30 June 2026		31 December 2025	
	Amount	**Percentage**	Amount	Percentage
Wholesale and retail trade	**78,336,890**	**18.32%**	68,912,474	17.36%
Manufacturing	**54,401,126**	**12.72%**	49,601,536	12.49%
Leasing and business activities	**58,174,868**	**13.60%**	47,195,220	11.89%
Construction	**39,454,893**	**9.22%**	42,568,524	10.72%
Water, environment and public utility management	**31,205,915**	**7.30%**	29,165,760	7.35%
Real estate	**22,230,856**	**5.20%**	23,685,466	5.97%
Production and supply of electric and heating power, gas and water	**21,325,319**	**4.99%**	16,181,409	4.08%
Transportation, storage and postal services	**13,366,834**	**3.13%**	12,926,150	3.26%
Financial service	**11,266,728**	**2.63%**	9,956,444	2.51%
Scientific research and technological services	**7,301,403**	**1.71%**	6,344,307	1.60%
Others	**18,602,097**	**4.33%**	16,470,266	4.13%
Subtotal for corporate loans and advances (including discounted bills and forfeiting)	**355,666,929**	**83.15%**	323,007,556	81.36%
Personal loans and advances	**72,049,228**	**16.85%**	74,000,736	18.64%
Total for loans and advances to customers	**427,716,157**	**100.00%**	397,008,292	100.00%

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(f) Risk concentrations (continued)

Distribution of debt securities investments (excluding accrued interest) analysed by rating

The Group adopts a credit rating approach to manage the credit risk of the debt securities portfolio held. The ratings are obtained from Wind, Bloomberg Composite, or major rating agencies where the issuers of debt securities are located. Debt securities investments analysed by rating as at the end of the reporting period are as follows:

	30 June 2026					
	Unrated	**AAA**	**AA**	**A**	**Below A**	**Total**
Debt securities (analysed by type of issuers)						
Governments and the central bank	**–**	**61,460,220**	**–**	**–**	**–**	**61,460,220**
Policy banks	**–**	**26,066,937**	**–**	**–**	**–**	**26,066,937**
Banks and other financial institutions	**200,000**	**114,126,838**	**11,027,072**	**13,050**	**93,308**	**125,460,268**
Corporate entities	**4,348,780**	**54,047,319**	**25,466,487**	**59,454**	**1,307,567**	**85,229,607**
Total	**4,548,780**	**255,701,314**	**36,493,559**	**72,504**	**1,400,875**	**298,217,032**

	31 December 2025					
	Unrated	AAA	AA	A	Below A	Total
Debt securities (analysed by type of issuers)						
Governments and the central bank	–	56,022,458	–	–	–	56,022,458
Policy banks	–	28,673,631	–	–	–	28,673,631
Banks and other financial institutions	200,000	90,839,217	7,950,557	13,568	96,851	99,100,193
Corporate entities	4,278,979	49,983,836	19,188,716	75,863	1,766,219	75,293,613
Total	4,478,979	225,519,142	27,139,273	89,431	1,863,070	259,089,895

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(g) Analysis on the credit quality of financial instruments

As at 30 June 2026, the Group's credit risk stages of financial instruments are as follows:

	30 June 2026							
	Book balance				Allowances for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with the central bank	33,559,427	–	–	33,559,427	–	–	–	–
Deposits with banks and other financial institutions	4,603,204	–	–	4,603,204	(6,190)	–	–	(6,190)
Placements with banks and other financial institutions	15,959,789	–	–	15,959,789	(49,557)	–	–	(49,557)
Financial assets held under resale agreements	8,602,930	–	–	8,602,930	(17,028)	–	–	(17,028)
Loans and advances to customers	369,844,481	15,894,434	4,065,899	389,804,814	(6,233,016)	(2,426,471)	(3,144,916)	(11,804,403)
Financial investments	151,681,792	2,070,723	3,727,081	157,479,596	(227,918)	(646,005)	(3,727,081)	(4,601,004)
Long-term receivables	14,081,093	1,547,096	294,402	15,922,591	(271,567)	(266,460)	(145,407)	(683,434)
Total financial assets measured at amortised cost	598,332,716	19,512,253	8,087,382	625,932,351	(6,805,276)	(3,338,936)	(7,017,404)	(17,161,616)
Financial assets measured at fair value through other comprehensive income								
Loans and advances to customers – Discounted bills and forfeiting	38,738,010	–	–	38,738,010	(886,644)	–	–	(886,644)
Financial investments	104,434,608	783,057	–	105,217,665	(138,411)	(163,799)	(98,758)	(400,968)
Total financial assets measured at fair value through other comprehensive income	143,172,618	783,057	–	143,955,675	(1,025,055)	(163,799)	(98,758)	(1,287,612)
Credit commitments	111,349,560	6,048	10,000	111,365,608	(927,632)	(360)	(3,659)	(931,651)

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(1) Credit risk (continued)

(g) Analysis on the credit quality of financial instruments (continued)

As at 30 June 2026, the Group's credit risk stages of financial instruments are as follows: (continued)

	31 December 2025							
	Book balance				Allowances for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost								
Cash and balances with the central bank	42,979,933	–	–	42,979,933	–	–	–	–
Deposits with banks and other financial institutions	9,966,253	–	–	9,966,253	(12,988)	–	–	(12,988)
Placements with banks and other financial institutions	18,300,818	–	–	18,300,818	(45,965)	–	–	(45,965)
Financial assets held under resale agreements	18,004,249	–	–	18,004,249	(28,759)	–	–	(28,759)
Loans and advances to customers	350,007,253	10,347,212	3,842,506	364,196,971	(6,064,375)	(1,508,123)	(2,850,281)	(10,422,779)
Financial investments	135,365,675	2,612,524	4,358,504	142,336,703	(148,331)	(805,430)	(4,358,451)	(5,312,212)
Long-term receivables	16,570,023	1,347,204	213,282	18,130,509	(354,992)	(216,914)	(97,299)	(669,205)
Total financial assets measured at amortised cost	591,194,204	14,306,940	8,414,292	613,915,436	(6,655,410)	(2,530,467)	(7,306,031)	(16,491,908)
Financial assets measured at fair value through other comprehensive income								
Loans and advances to customers								
– Discounted bills and forfeiting	33,918,775	–	–	33,918,775	(805,071)	–	–	(805,071)
Financial investments	96,018,059	1,615,087	14,273	97,647,419	(126,749)	(232,109)	(133,617)	(492,475)
Total financial assets measured at fair value through other comprehensive income	129,936,834	1,615,087	14,273	131,566,194	(931,820)	(232,109)	(133,617)	(1,297,546)
Credit commitments	107,685,192	22,914	–	107,708,106	(859,787)	(1,226)	–	(861,013)

43 RISK MANAGEMENT (continued)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's on- and off-balance sheet activities, arising from adverse movements in market rates including interest rates, foreign exchange rates and other prices, etc.

The Group has implemented a market risk management system that formulates procedures to identify, measure, monitor and control market risks. This system aims to minimise market risk to an acceptable level through examining and approving new products and limit management.

The Group adopts sensitivity analysis, interest repricing gap analysis and foreign currency gap analysis to measure and monitor market risks. The Group classifies transactions as banking book and trading book transactions, and applies different approaches based on the nature and characteristics of these books to monitor the associated risks.

The Group is exposed to market risk in the ordinary course of business, which includes the interest rate risk and the currency risk.

(a) Interest rate risk

Interest rate risk refers to the risk that the adverse changes in interest rate levels and maturity structures will cause the overall revenue and economic value of financial instruments to suffer losses. The Group's interest rate exposures mainly comprise the mismatching of interest-earning assets and interest-bearing liabilities' repricing dates, as well as the effect of interest rate volatility on trading positions.

The Group primarily uses gap analysis to assess and monitor its repricing risk and adjusts the portfolio mix of floating and fixed rate loans, the loan repricing cycle, as well as optimises the term structure of its customer deposits.

The Group implements various methods, such as sensitivity analysis and scenario simulation to measure and monitor interest risk exposure and limits. Such interest rate sensitivity and risk exposure are set regularly, and the respective limits are also monitored, managed and reported on a regular basis.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(2) Market risk (continued)

(a) Interest rate risk (continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

	30 June 2026					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	33,559,427	606,526	32,952,901	–	–	–
Deposits with banks and other financial institutions	4,597,014	12,536	3,954,478	630,000	–	–
Placements with banks and other financial institutions	15,910,232	97,239	3,210,014	9,356,473	3,246,506	–
Financial assets held under resale agreements	8,585,902	1,930	8,583,972	–	–	–
Loans and advances to customers *(Note (i))*	416,738,421	822,966	92,927,437	253,672,966	55,039,685	14,275,367
Financial investments *(Note (ii))*	342,181,097	46,229,370	13,136,375	64,073,397	144,256,641	74,485,314
Long-term receivables	15,239,157	111,558	1,905,421	8,503,859	4,669,277	49,042
Others	11,577,209	11,577,209	–	–	–	–
Total assets	848,388,459	59,459,334	156,670,598	336,236,695	207,212,109	88,809,723
Liabilities						
Borrowings from the central bank	58,159,052	341,200	15,963,456	41,854,396	–	–
Deposits from banks and other financial institutions	52,944,331	83,727	47,990,604	4,870,000	–	–
Placements from banks and other financial institutions	20,028,919	100,736	7,141,333	12,276,850	510,000	–
Financial liabilities measured at fair value through profit or loss	2,280,123	–	671,938	951,823	656,362	–
Financial assets sold under repurchase agreements	15,147,274	430	15,146,844	–	–	–
Deposits from customers	533,960,626	7,535,560	207,319,343	151,304,585	167,801,138	–
Debt securities issued	106,680,269	245,972	25,220,068	73,417,159	5,797,605	1,999,465
Others	5,958,936	5,472,762	46,331	85,277	286,512	68,054
Total liabilities	795,159,530	13,780,387	319,499,917	284,760,090	175,051,617	2,067,519
Asset-liability gap	53,228,929	45,678,947	(162,829,319)	51,476,605	32,160,492	86,742,204

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(2) Market risk (continued)

(a) Interest rate risk (continued)

The following tables indicate the assets and liabilities analysis as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	31 December 2025					
	Total	Non-interest bearing	Less than three months	Between three months and one year	Between one year and five years	More than five years
Assets						
Cash and deposits with the central bank	42,979,933	740,384	42,239,549	–	–	–
Deposits with banks and other financial institutions	9,953,265	12,335	8,938,804	1,002,126	–	–
Placements with banks and other financial institutions	18,254,853	294,230	7,360,434	9,299,483	1,300,706	–
Financial assets held under resale agreements	17,975,490	4,249	17,971,241	–	–	–
Loans and advances to customers *(Note (i))*	387,692,967	1,104,052	107,617,391	210,531,754	51,974,878	16,464,892
Financial investments *(Note (ii))*	309,499,675	52,471,426	9,969,098	37,795,129	133,984,290	75,279,732
Long-term receivables	17,461,304	139,330	7,055,281	4,688,625	5,399,039	179,029
Others	11,142,597	11,142,597	–	–	–	–
Total assets	814,960,084	65,908,603	201,151,798	263,317,117	192,658,913	91,923,653
Liabilities						
Borrowings from the central bank	48,579,376	273,773	15,074,346	33,231,257	–	–
Deposits from banks and other financial institutions	29,028,245	60,405	23,667,840	5,300,000	–	–
Placements from banks and other financial institutions	22,638,702	122,972	5,400,000	16,475,730	640,000	–
Financial liabilities measured at fair value through profit or loss	1,849,403	–	35,532	984,383	829,488	–
Financial assets sold under repurchase agreements	23,090,548	1,711	23,088,837	–	–	–
Deposits from customers	512,121,455	9,373,214	219,376,572	138,731,792	144,639,877	–
Debt securities issued	121,902,730	262,437	31,119,910	76,727,758	5,796,930	7,995,695
Others	5,495,169	4,984,152	75,339	83,848	299,933	51,897
Total liabilities	764,705,628	15,078,664	317,838,376	271,534,768	152,206,228	8,047,592
Asset-liability gap	50,254,456	50,829,939	(116,686,578)	(8,217,651)	40,452,685	83,876,061

Notes:

(i) As at 30 June 2026 and 31 December 2025, the category "Less than three months" of the Group's loans and advances to customers includes overdue loans and advances (net of allowances for impairment losses) of RMB1,588 million and RMB1,567 million, respectively.

(ii) Financial investments include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income, financial investments measured at amortised cost.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(2) Market risk (continued)

(a) Interest rate risk (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net interest income and equity. The following table sets forth the effect on the Group's net interest income and equity from possible and reasonable interest rate fluctuations with all other variables held constant. The effect on net interest income refers to the effect of certain interest rate changes on the net interest income generated by financial assets and liabilities that are held at the end of the reporting period and whose interest rate are expected to be repriced within one year. The effect on equity refers to the effect of certain interest rate changes on the fair value change generated by debt investments measured at FVOCI that are held at the end of the reporting period.

Changes in annualised net interest income	**30 June 2026 (Decrease)/ Increase**	31 December 2025 (Decrease)/ Increase
Interest rates increase by 100 bps	**(1,242,219)**	(1,228,498)
Interest rates decrease by 100 bps	**1,242,219**	1,228,498

Changes in annualised equity	**30 June 2026 (Decrease)/ Increase**	31 December 2025 (Decrease)/ Increase
Interest rates increase by 100 bps	**(2,431,819)**	(2,162,502)
Interest rates decrease by 100 bps	**2,769,419**	2,473,183

This sensitivity analysis is based on a static interest rate risk profile of the assets and liabilities and certain simplified assumptions. The analysis shows how annualised interest income and equity would have been affected by the repricing of the Group's assets and liabilities. The analysis is based on the following assumptions:

– Regardless of subsequent changes, the analysis is based on the static gap at the end of the reporting period;

– In measuring the effect of changes in interest rates on the Group's net interest income, all assets and liabilities that reprice or mature within three months and after three months but within one year reprice or mature in the beginning of the respective periods;

– Interest rates on deposits with the central bank and demand deposits deposited and absorbed remain unchanged;

– There is a parallel shift in the yield curve and in interest rates;

– There are no other changes to the portfolio and all positions will be retained and rolled over upon maturity;

– Other variables (including exchange rates) remain unchanged; and

– No consideration of impact on customers' behavior, market price and off-balance sheet business resulting from interest rate changes.

The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's net interest income and equity resulting from increases or decreases in interest rates may differ from the results of this sensitivity analysis.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(2) Market risk (continued)

(b) Currency risk

Currency risk is the risk of losses caused by adverse changes in market exchange rates. The Group's currency risk mainly arises from the foreign currency portfolio within the treasury's proprietary investments, and other foreign currency exposures. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

The currency exposures of the Group's assets and liabilities as at the end of the reporting period are as follows:

	30 June 2026			
	RMB	USD *(RMB equivalent)*	Others *(RMB equivalent)*	Total *(RMB equivalent)*
Assets				
Cash and deposits with the central bank	33,166,548	371,112	21,767	33,559,427
Deposits with banks and other financial institutions	3,531,800	666,827	398,387	4,597,014
Placements with banks and other financial institutions	14,478,910	1,431,322	–	15,910,232
Financial assets held under resale agreements	8,585,902	–	–	8,585,902
Loans and advances to customers	411,675,780	5,062,641	–	416,738,421
Financial investments *(Note (i))*	336,330,911	5,850,186	–	342,181,097
Long-term receivables	15,239,157	–	–	15,239,157
Others	11,465,914	110,988	307	11,577,209
Total assets	834,474,922	13,493,076	420,461	848,388,459
Liabilities				
Borrowings from the central bank	58,159,052	–	–	58,159,052
Deposits from banks and other financial institutions	52,942,654	1,677	–	52,944,331
Placements from banks and other financial institutions	14,880,607	1,157,982	3,990,330	20,028,919
Financial liabilities measured at fair value through profit or loss	2,280,123	–	–	2,280,123
Financial assets sold under repurchase agreements	15,147,274	–	–	15,147,274
Deposits from customers	527,647,066	5,972,271	341,289	533,960,626
Debt securities issued	106,680,269	–	–	106,680,269
Others	5,365,224	519,542	74,170	5,958,936
Total liabilities	783,102,269	7,651,472	4,405,789	795,159,530
Net on-balance sheet position	51,372,653	5,841,604	(3,985,328)	53,228,929
Net position of foreign exchange swaps and others		(5,774,547)	4,112,902	(1,661,645)
Credit commitments	107,045,713	3,730,487	589,408	111,365,608

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(2) Market risk (continued)

(b) Currency risk (continued)

The currency exposures of the Group's assets and liabilities as at the end of the reporting period are as follows: (continued)

	31 December 2025			
	RMB	USD *(RMB equivalent)*	Others *(RMB equivalent)*	Total *(RMB equivalent)*
Assets				
Cash and deposits with the central bank	42,563,888	394,664	21,381	42,979,933
Deposits with banks and other financial institutions	9,046,477	587,653	319,135	9,953,265
Placements with banks and other financial institutions	16,334,601	1,920,252	–	18,254,853
Financial assets held under resale agreements	17,975,490	–	–	17,975,490
Loans and advances to customers	386,094,501	1,598,466	–	387,692,967
Financial investments *(Note (i))*	303,438,746	6,060,929	–	309,499,675
Long-term receivables	17,461,304	–	–	17,461,304
Others	10,772,015	365,547	5,035	11,142,597
Total assets	803,687,022	10,927,511	345,551	814,960,084
Liabilities				
Borrowings from the central bank	48,579,376	–	–	48,579,376
Deposits from banks and other financial institutions	28,674,664	353,581	–	29,028,245
Placements from banks and other financial institutions	19,692,972	–	2,945,730	22,638,702
Financial liabilities measured at fair value through profit or loss	1,849,403	–	–	1,849,403
Financial assets sold under repurchase agreements	23,090,548	–	–	23,090,548
Deposits from customers	507,582,444	4,271,391	267,620	512,121,455
Debt securities issued	121,902,730	–	–	121,902,730
Others	5,424,095	–	71,074	5,495,169
Total liabilities	756,796,232	4,624,972	3,284,424	764,705,628
Net on-balance sheet position	46,890,790	6,302,539	(2,938,873)	50,254,456
Net position of foreign exchange swaps and others		(5,638,925)	2,525,850	(3,113,075)
Credit commitments	104,578,755	2,588,950	540,401	107,708,106

Note:

(i) Financial investments include financial investments measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income, and financial investments measured at amortised cost.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(2) Market risk (continued)

(b) Currency risk (continued)

The Group uses sensitivity analysis to measure the potential effect of changes in foreign currency on the Group's net profit and equity. The following table presents the exchange rate sensitivity analysis based on assets and liabilities as at 30 June 2026 and 31 December 2025.

Changes in annualised net profit and equity	**30 June 2026 Increase/ (Decrease)**	31 December 2025 Increase/ (Decrease)
Foreign exchange rate increase by 100 bps	**214**	267
Foreign exchange rate decrease by 100 bps	**(214)**	(267)

This sensitivity analysis is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions. The analysis is based on the following assumptions:

– the foreign exchange sensitivity is the gain or loss recognised as a result of 100 basis point fluctuation in the foreign currency exchange rates against RMB;

– the fluctuation of exchange rates by 100 basis points at the reporting date is based on the assumption of exchange rates movement over the next 12 months;

– the exchange rates against RMB for all foreign currencies change in the same direction simultaneously;

– since the Group's assets and liabilities in other foreign currencies (excluding in USD) are not significant in proportion to the total assets and total liabilities, the possible impact of other foreign currencies on the Group's net profit and equity is calculated at the amount converted into USD in the above sensitivity analysis;

– the foreign exchange exposures calculated include both spot foreign exchange exposures, forward foreign exchange exposures and options, and all positions will be retained and rolled over upon maturity;

– other variables (including interest rates) remain unchanged; and

– no consideration of impact on customers' behavior and market price resulting from exchange rate changes.

The analysis does not take into account the effect of risk management measures taken by management. Due to the assumptions adopted, actual changes in the Group's gain or loss and equity resulting from increases or decreases in foreign exchange rates may differ from the results of this sensitivity analysis.

43 RISK MANAGEMENT (continued)

(3) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to meet repayment obligations or sustain its asset business even if a bank's solvency remains strong. The liquidity risk management is to ensure that the Group has sufficient cash flow to meet payment obligations and fund business operations on a timely basis. To achieve this, the Group should have the ability to make full payment due on demand deposits or early withdrawal of term deposits, make full repayment of placements upon maturity, or meet other payment obligations. The Bank also needs to comply with statutory requirements on liquidity ratios, and actively carry out lending and investment business. The Group monitors the future cash flow according to its liquidity management policies, and keeps its high liquidity assets at an appropriate level.

Under the guidance of the Asset and Liability Management Committee, the Financial Planning Department performs daily management of liquidity risk in accordance with the liquidity management objectives, and to ensure the normal payment of the business.

The Group holds an appropriate amount of liquid assets (such as deposits with the central bank, other short-term deposits and securities) to ensure liquidity needs and unpredictable demand for payment in the ordinary course of business. A substantial portion of the Group's assets are funded by deposits from customers. As a major source of funding, customer deposits have been growing steadily in recent years and are widely diversified in terms of type and duration.

The Group principally uses liquidity gap analysis to measure liquidity risk. Stress testing is also adopted to assess the impact of liquidity risk.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis

The following tables provide an analysis of assets and liabilities of the Group into respective maturity groupings based on the remaining periods to repayment at the end of the reporting period. The actual remaining maturity of the Group's assets and liabilities may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2026							
	Indefinite *(Note (ii))*	Repayable on demand *(Note (ii))*	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	26,302,058	7,257,369	-	-	-	-	-	33,559,427
Deposits with banks and other financial institutions	-	3,396,002	231,140	334,539	635,333	-	-	4,597,014
Placements with banks and other financial institutions	-	-	1,883,900	1,385,025	9,383,598	3,257,709	-	15,910,232
Financial assets held under resale agreements	-	-	8,585,902	-	-	-	-	8,585,902
Loans and advances to customers	967,321	644,982	23,568,640	34,945,056	167,237,470	100,641,722	88,733,230	416,738,421
Financial investments *(Note (i))*	148,069	-	33,160,087	10,271,681	67,490,879	154,193,924	76,916,457	342,181,097
Long-term receivables	175,279	51,726	534,602	1,145,142	4,689,182	8,478,803	164,423	15,239,157
Others	9,644,206	131,231	234,689	448,560	249,115	453,963	415,445	11,577,209
Total assets	37,236,933	11,481,310	68,198,960	48,530,003	249,685,577	267,026,121	166,229,555	848,388,459
Liabilities								
Borrowings from the central bank	-	-	5,320,196	10,805,598	42,033,258	-	-	58,159,052
Deposits from banks and other financial institutions	-	45,708,023	-	2,334,041	4,902,267	-	-	52,944,331
Placements from banks and other financial institutions	-	-	1,683,777	5,501,300	12,332,523	511,319	-	20,028,919
Financial liabilities measured at fair value through profit or loss	-	-	382,324	289,614	951,823	656,362	-	2,280,123
Financial assets sold under repurchase agreements	-	-	15,147,274	-	-	-	-	15,147,274
Deposits from customers	-	131,183,237	28,341,922	49,421,303	154,255,828	170,758,336	-	533,960,626
Debt securities issued	-	-	9,691,646	15,625,817	73,565,736	5,797,605	1,999,465	106,680,269
Others	947,708	770,403	760,103	361,884	1,639,411	1,313,077	166,350	5,958,936
Total liabilities	947,708	177,661,663	61,327,242	84,339,557	289,680,846	179,036,699	2,165,815	795,159,530
Net position	36,289,225	(166,180,353)	6,871,718	(35,809,554)	(39,995,269)	87,989,422	164,063,740	53,228,929

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(3) Liquidity risk (continued)

(a) Maturity analysis (continued)

	31 December 2025							
	Indefinite *(Note (ii))*	Repayable on demand *(Note (ii))*	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	25,195,084	17,784,849	–	–	–	–	–	42,979,933
Deposits with banks and other financial institutions	–	8,248,412	431,486	265,524	1,007,843	–	–	9,953,265
Placements with banks and other financial institutions	–	–	2,714,500	4,811,838	9,423,509	1,305,006	–	18,254,853
Financial assets held under resale agreements	–	–	17,975,490	–	–	–	–	17,975,490
Loans and advances to customers	1,033,410	548,646	33,477,959	40,561,509	132,675,023	92,505,204	86,891,216	387,692,967
Financial investments *(Note (i))*	144,827	–	37,337,614	8,724,445	42,835,042	143,505,791	76,951,956	309,499,675
Long-term receivables	124,732	92	629,467	1,200,819	5,381,839	9,881,809	242,546	17,461,304
Others	8,624,541	123,705	186,124	253,035	1,090,009	653,777	211,406	11,142,597
Total assets	35,122,594	26,705,704	92,752,640	55,817,170	192,413,265	247,851,587	164,297,124	814,960,084
Liabilities								
Borrowings from the central bank	–	–	2,786,975	12,454,811	33,337,590	–	–	48,579,376
Deposits from banks and other financial institutions	–	21,727,388	853,596	1,119,919	5,327,342	–	–	29,028,245
Placements from banks and other financial institutions	–	–	2,222,535	3,225,434	16,549,781	640,952	–	22,638,702
Financial liabilities measured at fair value through profit or loss	–	–	–	35,532	984,383	829,488	–	1,849,403
Financial assets sold under repurchase agreements	–	–	23,090,548	–	–	–	–	23,090,548
Deposits from customers	–	129,384,527	33,916,359	59,052,419	142,288,883	147,479,267	–	512,121,455
Debt securities issued	–	–	14,586,665	16,682,111	76,841,329	5,796,930	7,995,695	121,902,730
Others	875,594	146,432	673,899	687,612	1,312,337	1,649,126	150,169	5,495,169
Total liabilities	875,594	151,258,347	78,130,577	93,257,838	276,641,645	156,395,763	8,145,864	764,705,628
Net position	34,247,000	(124,552,643)	14,622,063	(37,440,668)	(84,228,380)	91,455,824	156,151,260	50,254,456

Notes:

(i) Financial investments include financial assets measured at fair value through profit or loss, financial investments measured at fair value through other comprehensive income, and financial investments measured at amortised cost.

(ii) For cash and deposits with the central bank, the indefinite period amount represents statutory deposit reserves, fiscal deposits and foreign exchange risk reserves maintained with the PBOC. Other equity instruments are reported under indefinite period. For loans and advances to customers, financial investments and long-term receivables, the "indefinite" period amount represents the balance being credit-impaired or not credit-impaired but overdue for more than one month, and the balance not credit-impaired but overdue within one month is included in "repayable on demand".

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(3) Liquidity risk (continued)

(b) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities at the end of the reporting period. The Group's actual cash flows on these non-derivative instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

	30 June 2026								
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Contractual undiscounted cash flow	Carrying Amount
Borrowings from the central bank	–	–	5,327,355	10,838,142	42,434,380	–	–	58,599,877	58,159,052
Deposits from banks and other financial institutions	–	45,708,023	–	2,344,123	4,953,227	–	–	53,005,373	52,944,331
Placements from banks and other financial institutions	–	–	1,684,305	5,539,087	12,422,061	519,875	–	20,165,328	20,028,919
Financial liabilities measured at fair value through profit or loss	–	–	383,464	306,476	975,141	667,979	–	2,333,060	2,280,123
Financial assets sold under repurchase agreements	–	–	15,165,425	–	–	–	–	15,165,425	15,147,274
Deposits from customers	–	131,183,237	28,467,165	49,749,513	156,631,129	178,882,379	–	544,913,423	533,960,626
Debt securities issued	–	–	9,706,200	15,678,700	74,316,718	6,219,200	2,172,000	108,092,818	106,680,269
Lease liabilities	–	15,609	5,286	25,614	86,862	309,458	73,860	516,689	486,174
Other financial liabilities	–	753,750	36,606	44,738	209,663	315,857	–	1,360,614	1,360,614
Total	–	177,660,619	60,775,806	84,526,393	292,029,181	186,914,748	2,245,860	804,152,607	791,047,382

	31 December 2025								
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Contractual undiscounted cash flow	Carrying Amount
Borrowings from the central bank	–	–	2,790,544	12,499,212	33,669,366	–	–	48,959,122	48,579,376
Deposits from banks and other financial institutions	–	21,727,388	854,610	1,125,652	5,400,457	–	–	29,108,107	29,028,245
Placements from banks and other financial institutions	–	–	2,222,880	3,267,686	16,711,951	656,786	–	22,859,303	22,638,702
Financial liabilities measured at fair value through profit or loss	–	–	3,893	42,965	1,038,314	883,385	–	1,968,557	1,849,403
Financial assets sold under repurchase agreements	–	–	23,383,522	–	–	–	–	23,383,522	23,090,548
Deposits from customers	–	129,384,527	34,002,883	59,323,660	144,331,552	154,527,681	–	521,570,303	512,121,455
Debt securities issued	–	–	14,600,000	16,782,000	77,940,183	7,334,400	8,450,800	125,107,383	121,902,730
Lease liabilities	–	32,204	24,639	18,977	85,602	325,452	79,147	566,021	511,017
Other financial liabilities	–	114,228	43,628	96,025	290,954	544,111	–	1,088,946	1,088,946
Total	–	151,258,347	77,926,599	93,156,177	279,468,379	164,271,815	8,529,947	774,611,264	760,810,422

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(3) Liquidity risk (continued)

(c) Analysis on contractual undiscounted cash flows of derivative financial liabilities

The following tables provide an analysis of the contractual undiscounted cash flow of derivative financial liabilities at the end of the reporting period:

	30 June 2026							
	Indefinite	**Repayable on demand**	**Within one month**	**Between one month and three months**	**Between three months and one year**	**Between one year and five years**	**More than five years**	**Contractual undiscounted cash flow**
Cash flows of derivative financial liabilities:								
Derivative financial liabilities settled on net basis	**–**	**–**	**(1,559)**	**(2,445)**	**(329,634)**	**(14,143)**	**–**	**(347,781)**
Derivative financial liabilities settled on gross basis								
Including: Cash inflow	**–**	**–**	**1,803,536**	**3,924,989**	**4,690,658**	**551,683**	**–**	**10,970,866**
Cash outflow	**–**	**–**	**(1,813,935)**	**(3,960,593)**	**(3,951,938)**	**(547,295)**	**–**	**(10,273,761)**
Total	**–**	**–**	**(10,399)**	**(35,604)**	**738,720**	**4,388**	**–**	**697,105**

	31 December 2025							
	Indefinite	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Contractual undiscounted cash flow
Cash flows of derivative financial liabilities:								
Derivative financial liabilities settled on net basis	–	–	(500)	(2,265)	(4,357)	(850)	–	(7,972)
Derivative financial liabilities settled on gross basis								
Including: Cash inflow	–	–	22,361	380,485	268,035	358,469	–	1,029,350
Cash outflow	–	–	(22,525)	(380,506)	(245,814)	(352,460)	–	(1,001,305)
Total	–	–	(164)	(21)	22,221	6,009	–	28,045

43 RISK MANAGEMENT (continued)

(4) Operational risk

Operational risk refers to the risk of loss arising from problems with internal procedures, employees, information technology systems, and external events, including legal risk, but excluding strategic risk and reputational risk.

The board of directors of the bank undertakes the ultimate responsibility for operational risk management, while the senior management undertakes the responsibility for implementing operational risk management. The Group has established “three lines of defences” to manage operational risk on an end-to-end basis.

(5) Capital management

The Group’s capital management mainly includes capital adequacy ratio management, capital financing management and economic capital management. Among them, capital adequacy ratio management is especially important. The Group calculates capital adequacy ratios in accordance with the guidance issued by the former CBRC. The capital of the Group is divided into three pieces: core tier-one capital, additional tier-one capital and tier-two capital.

As the focus of the Group’s capital management, capital adequacy ratio management reflects the Group’s sound operations and risk management capability. The Group’s capital adequacy ratio management objectives are to meet the legal and regulatory requirements, and to prudently determine the capital adequacy ratio under realistic exposures with reference to the capital adequacy ratio levels of leading banks and the Group’s operating situations.

The Group considers its strategic development plans, business expansion plans and risk variables in conducting its scenario analysis, stress testing and other measures to forecast, plan and manage capital adequacy ratio. The required information is filed with the regulatory authority by the Group periodically.

(Expressed in thousands of Renminbi, unless otherwise stated)

43 RISK MANAGEMENT (continued)

(5) Capital management (continued)

The Group calculates the capital adequacy ratio in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements as at 30 June 2026 and 31 December 2025.

	30 June 2026	31 December 2025
Total core tier-one capital	**44,180,975**	41,272,602
– Share capital	**5,820,355**	5,820,355
– Eligible portion of capital reserve	**10,686,506**	10,686,506
– Accumulated other comprehensive income	**2,291,746**	1,928,188
– Surplus reserve	**3,603,377**	3,603,377
– General reserve	**10,256,969**	10,256,969
– Retained earnings	**11,046,958**	8,475,970
– Eligible portion of non-controlling interests	**475,064**	501,237
Core tier-one capital deductions	**(436,525)**	(692,062)
Net core tier-one capital	**43,744,450**	40,580,540
Other tier-one capital	**8,459,125**	8,462,615
– Additional tier-one capital instruments and related premium	**8,395,783**	8,395,783
– Eligible portion of minority interests	**63,342**	66,832
Net tier-one capital	**52,203,575**	49,043,155
Tier-two capital	**7,892,799**	13,548,263
– Eligible portions of tier-two capital instruments issued	**2,000,000**	8,000,000
– Surplus allowances for impairment	**5,766,116**	5,414,600
– Eligible portion of non-controlling interests	**126,683**	133,663
Total net capital	**60,096,374**	62,591,418
Total risk-weighted assets	**503,821,820**	468,015,731
Core tier-one capital adequacy ratio	**8.68%**	8.67%
Tier-one capital adequacy ratio	**10.36%**	10.48%
Capital adequacy ratio	**11.93%**	13.37%

44 FAIR VALUE

(1) Methods and assumptions for measurement of fair value

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs that have a significant effect on the recorded fair value are not based on observable market data.

The Group has established policies and internal controls with respect to the measurement of fair value, specify the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

The Group adopts the following methods and assumptions when evaluating fair value:

(a) Debt securities investments

The fair value of debt securities that are traded in an active market is based on their quoted market prices in an active market at the end of the reporting period. The bonds classified as Level 2 primarily consist of Renminbi-denominated bonds, whose fair values are determined based on valuation results from China Central Depository & Clearing Company Limited. All significant valuation parameters affecting the valuation are based on observable data.

(b) Other financial investments and other non-derivative financial assets

Fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(c) Debt securities issued and other non-derivative financial liabilities

The fair value of debt securities issued is based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair value of other non-derivative financial liabilities is evaluated at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

(d) Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, foreign exchange forwards and swaps, etc. The most frequently applied valuation techniques include discounted cash flow model, etc. The models incorporate various inputs including foreign exchange spot and forward rates, foreign exchange rate volatility, interest rate yield curves, etc.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 FAIR VALUE (continued)

(2) Financial instruments measured at fair value

The following tables show an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

	30 June 2026			
	Level 1	**Level 2**	**Level 3** *Note (i)*	**Total**
Financial investments measured at fair value through profit or loss				
– Debt securities	**–**	**40,014,442**	**–**	**40,014,442**
– Asset management plans	**–**	**–**	**186,172**	**186,172**
– Investment funds	**26,672,697**	**16,816,113**	**–**	**43,488,810**
– Wealth management product investment	**247,347**	**–**	**–**	**247,347**
Derivative financial assets	**–**	**372,234**	**–**	**372,234**
Financial investments measured at fair value through other comprehensive income				
– Debt securities	**–**	**105,217,665**	**–**	**105,217,665**
– Other equity investments	**–**	**–**	**148,069**	**148,069**
Loans and advances to customers measured at fair value through other comprehensive income	**–**	**–**	**38,738,010**	**38,738,010**
Total financial assets	**26,920,044**	**162,420,454**	**39,072,251**	**228,412,749**
Financial liabilities measured at fair value through profit or loss	**–**	**2,280,123**	**–**	**2,280,123**
Derivative financial liabilities	**–**	**493,962**	**–**	**493,962**
Total financial liabilities	**–**	**2,774,085**	**–**	**2,774,085**

(Expressed in thousands of Renminbi, unless otherwise stated)

44 FAIR VALUE (continued)

(2) Financial instruments measured at fair value (continued)

The following tables show an analysis of financial instruments measured at fair value by level of the fair value hierarchy: (continued)

	31 December 2025			
	Level 1	Level 2	Level 3 *Note (i)*	Total
Financial investments measured at fair value through profit or loss				
– Debt securities	–	25,026,649	–	25,026,649
– Asset management plans	–	–	286,067	286,067
– Investment funds	32,537,385	16,587,657	–	49,125,042
– Wealth management product investment	250,831	–	–	250,831
Derivative financial assets	–	507,591	–	507,591
Financial investments measured at fair value through other comprehensive income				
– Debt securities	–	97,647,419	–	97,647,419
– Other equity investments	–	–	139,176	139,176
Loans and advances to customers measured at fair value through other comprehensive income	–	–	33,918,775	33,918,775
Total financial assets	32,788,216	139,769,316	34,344,018	206,901,550
Financial liabilities measured at fair value through profit or loss	–	1,849,403	–	1,849,403
Derivative financial liabilities	–	10,460	–	10,460
Total financial liabilities	–	1,859,863	–	1,859,863

(Expressed in thousands of Renminbi, unless otherwise stated)

44 FAIR VALUE (continued)

(2) Financial instruments measured at fair value (continued)

(i) Movements in Level 3 of the fair value hierarchy

The following table shows the movement of level 3 financial instruments measured at fair value for the six months ended 30 June 2026:

				Total gains or losses for the period		Purchases/distribution, issues, disposals and settlements				
	As at 1 January 2026	Transfer Into level 3	Transfer out of level 3	In profit or loss	In other comprehensive income	Purchase/ distribution	Issues	Disposals and settlements	As at 30 June 2026	Unrealised gains for the current period included in profit or loss for assets and liabilities held at the end of the period
Financial investments measured at fair value through profit or loss										
– Asset management plans	286,067	–	–	26,646	–	–	–	(126,541)	186,172	14,909
Financial investments measured at fair value through other comprehensive income										
– Other equity investments	139,176	–	–	–	8,893	–	–	–	148,069	–
Loans and advances to customers measured at fair value through other comprehensive income	33,918,775	–	–	379,365	5,703	77,000,518	–	(72,566,351)	38,738,010	–
Total financial assets	34,344,018	–	–	406,011	14,596	77,000,518	–	(72,692,892)	39,072,251	14,909

(Expressed in thousands of Renminbi, unless otherwise stated)

44 FAIR VALUE (continued)

(2) Financial instruments measured at fair value (continued)

(i) Movements in Level 3 of the fair value hierarchy (continued)

The following table shows the movement of level 3 financial instruments measured at fair value during the year of 2025:

				Total gains or losses for the year		Purchases/distribution, issues, disposals and settlements				
	As at 1 January 2025	Transfer Into level 3	Transfer out of level 3	In profit or loss	In other comprehensive income	Purchases/ distribution	Issues	Disposals and settlements	As at 31 December 2025	Unrealised gains/(losses) for the year included in profit or loss for assets and liabilities held at year-end
Financial investments measured at fair value through profit or loss										
– Asset management plans	777,284	–	–	533,619	–	–	–	(1,024,836)	286,067	61,797
– Trust fund plans	346,069	–	–	251,689	–	–	–	(597,758)	–	(30,715)
Financial investments measured at fair value through other comprehensive income										
– Other equity investments	134,968	–	–	–	4,208	–	–	–	139,176	–
Loans and advances to customers measured at fair value through other comprehensive income	24,627,582	–	–	760,791	(8,959)	111,530,022	–	(102,990,661)	33,918,775	–
Total financial assets	25,885,903	–	–	1,546,099	(4,751)	111,530,022	–	(104,613,255)	34,344,018	31,082
Derivative financial liabilities	5,408	–	–	–	–	–	–	(5,408)	–	–
Total financial liabilities	5,408	–	–	–	–	–	–	(5,408)	–	–

44 FAIR VALUE (continued)

(3) Transfers between levels

For the six months ended 30 June 2026 and the year ended 31 December 2025, there were no transfers between levels.

(4) Valuation of financial instruments with significant unobservable inputs

A majority of the financial instruments classified as level 3 fair value are discounted bills, other equity instruments investment, asset management plans and trust fund plans. As not all of the inputs needed to estimate the fair value of these assets are observable, the Group classified these underlying assets within Level 3 of the fair value hierarchy. The significant unobservable inputs related to these assets are those parameter relating to credit risk, liquidity and discount rate. The Group makes accounting estimates of the fair value of these financial assets based on assumptions regarding observable impairment indicators, yield curves, external credit ratings, and significant changes in reference credit spreads. However, the actual transaction value of these financial assets under fair conditions may differ from the Group's accounting estimates.

As of 30 June 2026, the impact on the fair value measurement resulting from replacing the original unobservable assumptions in the model with other reasonable unobservable assumptions was not material (not material as of 31 December 2025).

(5) Level 2 of the fair value hierarchy

A majority of the financial instruments classified as level 2 fair value are RMB bonds. The fair value of these bonds are determined based on the valuation results provided by China Central Depository Trust & Clearing Co., Ltd., which are determined based on a valuation technique for which all significant inputs are observable market data.

(6) Fair value of financial assets and liabilities not measured at fair value

(i) Cash and deposits with the central bank, borrowings from the central bank, deposits and placements with/from banks and other financial institutions, financial assets held under resale agreements and sold under repurchase agreements

Given that these financial assets and financial liabilities mainly mature within one year or adopt floating interest rates, their carrying amounts approximate their fair value.

(ii) Loans and advances to customers measured at amortised cost, non-debt securities financial investments measured at amortised cost and long-term receivables

The estimated fair value of loans and advances to customers measured at amortised cost, non-debt securities financial investments measured at amortised cost and long-term receivables represents the amount of estimated future cash flows expected to be received, discounted at current market rates, and their carrying amounts are approximately equivalent to their fair values.

(iii) Debt securities financial investments measured at amortised cost

The fair value for debt securities financial investments measured at amortised cost is based on "bid" market prices or brokers'/dealers' price quotations. If relevant market information is not available, the fair value is based on quoted price of security products with similar characteristics such as credit risk, maturities and yield.

(iv) Deposits from customers

The fair value of current and saving deposits is the amount payable on demand at the end of the reporting period. The fair value of fixed interest-bearing deposits without quoted market prices is estimated based on discounted cash flows using interest rates for new deposits with similar remaining maturities, and their carrying amounts are approximately equivalent to their fair values.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 FAIR VALUE (continued)

(6) Fair value of financial assets and liabilities not measured at fair value (continued)

(v) Debt securities issued

The fair value of debt securities issued is based on quoted market prices. For debt securities where quoted market prices are not available, a discounted cash flow model is used to calculate their fair value using current market rates appropriate for debt securities with similar remaining maturities.

The following tables summarise the carrying amounts, the fair value and the analysis by level of the fair value hierarchy of debt securities financial instruments measured at amortised cost and debt securities issued:

	30 June 2026				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Financial investments measured at amortised cost (including accrued interest)					
– Debt securities	**152,185,863**	**158,676,810**	**–**	**158,621,438**	**55,372**
Total	**152,185,863**	**158,676,810**	**–**	**158,621,438**	**55,372**
Financial liabilities					
Securities issued (including accrued interest)					
– Debt securities	**16,041,949**	**16,348,457**	**–**	**16,348,457**	**–**
– Certificates of interbank deposit	**90,638,320**	**90,691,856**	**–**	**90,691,856**	**–**
Total	**106,680,269**	**107,040,313**	**–**	**107,040,313**	**–**

	31 December 2025				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost (including accrued interest)					
– Debt securities	136,202,684	144,145,743	–	144,091,978	53,765
Total	136,202,684	144,145,743	–	144,091,978	53,765
Financial liabilities					
Securities issued (including accrued interest)					
– Debt securities	22,054,193	22,370,913	–	22,370,913	–
– Certificates of interbank deposit	99,848,537	99,876,123	–	99,876,123	–
Total	121,902,730	122,247,036	–	122,247,036	–

(Expressed in thousands of Renminbi, unless otherwise stated)

45 COMMITMENTS AND CONTINGENCIES

(1) Credit commitments

The Group's credit commitments take the form of bank acceptances bills, credit card commitments, letters of credit and financial guarantees, etc.

Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from its customers. The contractual amounts of credit card commitments represent the amounts should the credit and facilities be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties.

	30 June 2026	31 December 2025
Bank acceptances	**51,370,456**	55,790,685
Unused credit card commitments	**18,570,500**	19,325,228
Financing letters of guarantees issued	**14,943,245**	12,252,082
Usance letters of credit	**22,032,630**	17,209,039
Non-financing letters of guarantees issued	**1,631,729**	845,499
Irrevocable loan commitments	**1,209,892**	1,079,289
Sight letters of credit	**1,607,156**	1,206,284
Total	**111,365,608**	107,708,106

Irrevocable loan commitments only include unused loan commitments granted to syndicated loans.

The Group may be exposed to credit risk in all the above credit businesses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

For details of expected credit loss on credit commitments, please refer to Note 35(2).

(2) Credit risk-weighted amount

	30 June 2026	31 December 2025
Credit risk-weighted amount of loan commitments	**29,541,729**	24,336,252

The credit risk-weighted amount represents the amount calculated in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements as at 30 June 2026 and 31 December 2025.The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors.

(Expressed in thousands of Renminbi, unless otherwise stated)

45 COMMITMENTS AND CONTINGENCIES (continued)

(3) Capital commitments

As at the end of the reporting period, the Group's authorised capital commitments are as follows:

	30 June 2026	31 December 2025
Contracted but not paid for	**217,549**	82,571

(4) Outstanding litigations and disputes

A number of outstanding litigations against the Group had arisen in the normal course of its operation as at 30 June 2026 and 31 December 2025. With the professional advice from counselors, the Group's management believes that the final result of such litigations will not have a material impact on the financial position or operations of the Group.

(5) Bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity dates is based on the nominal value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date. Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

The redemption obligations below represent the nominal value of government bonds underwritten and sold, but not yet matured at the end of the reporting period:

	30 June 2026	31 December 2025
Bonds redemption obligations	**5,284,913**	4,898,789

(6) Pledged assets

	30 June 2026	31 December 2025
Investment securities	**51,887,166**	57,483,430
Discounted bills	**7,513,929**	5,599,779
Total	**59,401,095**	63,083,209

Some of the Group's assets are pledged as collateral under repurchase agreements and borrowings from the central bank.

The Group maintains statutory deposit reserves with the PBOC as required (Note 12). These deposits are not available for the Group's daily operations.

As at 30 June 2026 and 31 December 2025, during the transactions of financial assets held under resale agreements, the Group did not accept any pledged assets from other financial institutions which the Group can sell or repledge but has an obligation to repurchase when they are due.

(Expressed in thousands of Renminbi, unless otherwise stated)

46 INTERESTS IN STRUCTURED ENTITIES

(1) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds an interest in some structured entities sponsored by third party institutions through investments in the notes issued by these structured entities. The Group does not consolidate these structured entities. Such structured entities include investment funds, asset management plans, trust fund plans and asset-backed securities.

The following tables set out an analysis of the carrying amounts of interests held by the Group as at 30 June 2026 and 31 December 2025 in the structured entities sponsored by third party institutions, as well as an analysis of the line items in the statement of financial position in which relevant assets are recognised:

	30 June 2026				
	Financial investments measured at fair value through profit or loss	**Financial Investments measured at fair value through other comprehensive income**	**Financial investments measured at amortised cost**	**Carrying amount**	**Maximum exposure**
Investment funds	**43,488,810**	**–**	**–**	**43,488,810**	**43,488,810**
Asset management plans	**186,172**	**–**	**373,100**	**559,272**	**559,272**
Asset-backed securities	**3,745,815**	**162,143**	**17,636,209**	**21,544,167**	**21,544,167**
Total	**47,420,797**	**162,143**	**18,009,309**	**65,592,249**	**65,592,249**

	31 December 2025				
	Financial investments measured at fair value through profit or loss	Financial Investments measured at fair value through other comprehensive income	Financial investments measured at amortised cost	Carrying amount	Maximum exposure
Investment funds	49,125,042	–	–	49,125,042	49,125,042
Asset management plans	286,067	–	354,212	640,279	640,279
Asset-backed securities	1,841,654	442,870	14,163,272	16,447,796	16,447,796
Total	51,252,763	442,870	14,517,484	66,213,117	66,213,117

The maximum exposures to loss in the above structured entities are the carrying amounts of the assets held by the Group at the end of the reporting period, measured at amortised cost or fair value in accordance with the respective line items recognised in the statement of financial position.

46 INTERESTS IN STRUCTURED ENTITIES (continued)

(2) Unconsolidated structured entities sponsored by the Group in which the Group holds an interest

The types of unconsolidated structured entities sponsored by the Group mainly include non-principal-guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of investment products to investors. Interest held by the Group includes fees charged by providing management services to these structured entities. As at 30 June 2026, the carrying amounts of the management and other service fee receivables being recognised was RMB232 million in the consolidated statement of financial position (31 December 2025: RMB239 million). During the six months ended 30 June 2026, the Group earned fee and commission income of RMB438 million from the unconsolidated non-principal guaranteed wealth management products. (For the six months ended 30 June 2025: RMB388 million).

As at 30 June 2026, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB174.810 billion (31 December 2025: RMB205.613 billion).

As of 30 June 2026 and 31 December 2025, the Group did not provide financing transactions to non-principal-protected wealth management products established by itself through interbank lending or repurchase agreements.

(3) Unconsolidated structured entities sponsored and issued by the Group after 1 January but matured before the end of the reporting period in which the Group no longer holds an interest

During the six months ended 30 June 2026, the amount of fee and commission income recognised from the above mentioned structured entities by the Group was RMB5.0953 million (For the six months ended 30 June 2025: RMB1.9443 million).

During the six months ended 30 June 2026, the aggregated amount of the non-principal-guaranteed wealth management products sponsored and issued by the Group after 1 January 2026 but matured before 30 June 2026 was RMB1.426 billion (For the six months ended 30 June 2025: RMB1.741 billion).

(4) Consolidated structured entities

The consolidated structured entities of the Group are primarily asset-backed securities initiated by the Group and certain asset management plans invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has rights to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

47 TRANSFERS OF FINANCIAL ASSETS

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

(1) Repurchase transactions and securities lending transactions

Transfers of financial assets that do not qualify for derecognition mainly include debt securities held by counterparties as collateral under repurchase agreements and debt securities lent to counterparties under securities lending agreements. The counterparties are allowed to sell or repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them.

(2) Asset securitisation

The Group enters into securitisation transactions in the normal course of business by which it transfers credit assets to structured entities which issue asset-backed securities to investors, or carries out trust beneficial rights registration and transfer business in China Credit Assets Registry & Exchange Co., Ltd..

Under the servicing arrangements with the independent trust company, the Group collects the cash flows of the transferred assets on behalf of the unconsolidated securitisation vehicle. In return, the Group receives a service fee that is expected to compensate the Group for servicing the related assets.

For the six months ended 30 June 2026 and for the year ended 31 December 2025, the Group did not carry out new asset securitisation business.

(3) Transfer of non-performing loans

For the six months ended 30 June 2026, the Group transferred loans and advances to customers to independent third parties with principal amount of RMB12 million (For the six months ended 30 June 2025, RMB9 million). The Group carried out an assessment and concluded that these transferred assets qualified for full derecognition in the statement of financial position.

48 FIDUCIARY ACTIVITIES

The Group commonly acts as a trustee, or in other fiduciary capacities, that result in its holding or managing assets on behalf of individuals, trusts and other institutions. These assets and any gains or losses arising thereon are not included in the statements of financial position as they are not the Group’s assets.

As at 30 June 2026, the entrusted loans balance of the Group was RMB14.325 billion (31 December 2025: RMB11.145 billion).

49 SUBSEQUENT EVENTS

(1) The distribution payment of Perpetual Capital Bonds

A distribution payment related to the 2022 Domestic Perpetual Bond Series 1 of Bank of Qingdao Co., Ltd., at the distribution rate of 3.70% with the total amount of RMB4.0 billion, amounting to RMB148 million in total was distributed on 18 July 2026.

A distribution payment related to the 2022 Domestic Perpetual Bond Series 2 of Bank of Qingdao Co., Ltd., at the distribution rate of 3.55% with the total amount of RMB2.4 billion, amounting to RMB85.20 million in total was distributed on 18 August 2026.

(2) The issuance of Perpetual Capital Bonds

The Bank issued of Qingdao Bank Co., Ltd. 2026 Domestic Perpetual Bond Series 1 in the interbank bond market. The issuance amount of this series of bonds was RMB4.0 billion, with a coupon rate of 2.01% on 7 July 2026.

(3) The issuance of Tier 2 Capital Bonds

The Bank issued of Qingdao Bank Co., Ltd. 2026 Tier 2 Capital Bond in the interbank bond market. The issuance amount of this series of bonds was RMB2.0 billion, with a coupon rate of 1.93% on 10 August 2026.

As of the approval date of the financial statements, except for the above, the Group has no other significant subsequent events for disclosure.

(Expressed in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the unaudited financial statements, and is included herein for information purposes only.

In accordance with the Listing Rules and Banking (Disclosure) Rules, the Group discloses the unaudited supplementary Financial Information as follows:

1 LIQUIDITY COVERAGE RATIO, LEVERAGE RATIO AND NET STABLE FUNDING RATIO

Liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the relevant regulations promulgated by the National Financial Regulatory Administration and the former CBRC and based on the financial information prepared in accordance with the requirements of the Accounting Standards for Business Enterprises issued by the MOF.

(1) Liquidity coverage ratio

	30 June 2026	31 December 2025
Qualified and high-quality current assets	**101,515,593**	115,770,660
Net cash outflows in the next 30 days	**75,510,971**	54,288,634
Liquidity coverage ratio (RMB and foreign currency)	**134.44%**	213.25%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, a minimum liquidity coverage ratio of commercial banks 100% is required.

(2) Leverage ratio

	30 June 2026	31 December 2025
Leverage ratio	**5.62%**	5.49%

The leverage ratio calculated in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements as at 30 June 2026 and 31 December 2025. Pursuant to the Regulation Governing Capital of Commercial Banks, a minimum leverage ratio of 4% is required.

(3) Net stable funding ratio

	30 June 2026	31 March 2026
Available stable funding	**520,292,676**	511,683,317
Required stable funding	**439,439,724**	431,473,886
Net stable funding ratio	**118.40%**	118.59%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio of commercial banks of 100% is required.

(Expressed in thousands of Renminbi, unless otherwise stated)

2 CURRENCY CONCENTRATIONS

	30 June 2026			
	US Dollars ***(RMB equivalent)***	**HK Dollars** ***(RMB equivalent)***	**Others** ***(RMB equivalent)***	**Total**
Spot assets	**13,493,076**	**12,667**	**407,794**	**13,913,537**
Spot liabilities	**(7,651,472)**	**(6,110)**	**(4,399,679)**	**(12,057,261)**
Forward purchases	**9,039,061**	**424,121**	**4,122,880**	**13,586,062**
Forward sales	**(14,813,608)**	**(424,299)**	**(9,800)**	**(15,247,707)**
Net long position	**67,057**	**6,379**	**121,195**	**194,631**
Structural exposure	**–**	**–**	**–**	**–**

	31 December 2025			
	US Dollars *(RMB equivalent)*	HK Dollars *(RMB equivalent)*	Others *(RMB equivalent)*	Total
Spot assets	10,927,511	9,097	336,454	11,273,062
Spot liabilities	(4,624,972)	(2,256)	(3,282,168)	(7,909,396)
Forward purchases	1,569,333	220,525	2,525,765	4,315,623
Forward sales	(7,208,258)	(220,440)	–	(7,428,698)
Net long position	663,614	6,926	(419,949)	250,591
Structural exposure	–	–	–	–

(Expressed in thousands of Renminbi, unless otherwise stated)

3 INTERNATIONAL CLAIMS

The Group regards all claims on third parties outside Chinese Mainland and claims dominated in foreign currency on third parties in Chinese Mainland as international claims.

International claims include loans and advances to customers, deposits with the central bank, deposits and placements with banks and other financial institutions and financial investments, etc.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

	30 June 2026			
	Public sector entities	**Banks and other financial institutions**	**Non-bank private sector institutions**	**Total**
– Asia Pacific	**348,821**	**5,111,178**	**7,625,273**	**13,085,272**
– of which attributed to Hong Kong	**–**	**3,036,161**	**–**	**3,036,161**
– North and South America	**368,122**	**212,432**	**–**	**580,554**
– Europe	**–**	**200,127**	**–**	**200,127**
	716,943	**5,523,737**	**7,625,273**	**13,865,953**

	31 December 2025			
	Public sector entities	Banks and other financial institutions	Non-bank private sector institutions	Total
– Asia Pacific	374,736	3,588,863	6,159,986	10,123,585
– of which attributed to Hong Kong	–	3,146,372	–	3,146,372
– North and South America	387,064	310,357	–	697,421
– Europe	–	149,549	–	149,549
	761,800	4,048,769	6,159,986	10,970,555

(Expressed in thousands of Renminbi, unless otherwise stated)

4 TOTAL AMOUNT OF OVERDUE LOANS AND ADVANCES TO CUSTOMERS

	30 June 2026	31 December 2025
Total loans and advances whose principal or interest has been overdue		
– between 3 and 6 months (inclusive)	**569,958**	433,606
– between 6 months and 1 year (inclusive)	**1,194,603**	1,286,089
– over 1 year	**1,974,535**	1,838,018
Total	**3,739,096**	3,557,713
Account for a percentage of total loans and advances (excluding accrued interest)		
– between 3 and 6 months (inclusive)	**0.13%**	0.11%
– between 6 months and 1 year (inclusive)	**0.29%**	0.33%
– over 1 year	**0.46%**	0.46%
Total	**0.88%**	0.90%