威海银行
WEIHAI BANK

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

Stock Short Name: Weihai Bank Stock Code: 09677

2026
INTERIM REPORT

CONTENTS

IMPORTANT NOTICE

1. The Board of Directors, Directors and senior management of the Bank warrant that there are no false representations, misleading statements or material omissions contained in the 2026 interim report (the "Report"), and they jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the information contained in the Report.

2. The Report and the interim results announcement of the Bank were approved unanimously at the 12th meeting of the ninth session of the Board of the Bank held on August 28, 2026, which was considered and approved by way of valid voting. 14 directors were eligible to attend the meeting, and 14 directors attended such meeting in person.

3. The 2026 interim financial report prepared in accordance with the IFRS Accounting Standards has been reviewed by KPMG pursuant to Hong Kong Standard on Review Engagements. The Board and the Audit Committee under the Board have reviewed and approved the Report.

4. MENG Dongxiao, the Chairman, ZHANG Wenbin, the President, and ZHAO Na (趙娜), the Head of the Finance Department of the Bank, warrant the truthfulness, accuracy and completeness of the financial report in the Report.

5. Forward-looking statements, including future plans, contained in the Report do not constitute any actual commitments of the Bank to investors. Investors and related persons are advised to maintain sufficient risk awareness and understand the difference between plans, forecasts and commitments.

6. During the Reporting Period, the Bank was not aware of any major risks that would adversely affect the Bank's future development strategies and business objectives. The principal risks exposed by the Bank in its operation and management as well as the corresponding measures adopted by the Bank are detailed in the Report. For details, please refer to "Risk Management" and "Future Prospects" in the section headed "Management Discussion and Analysis" of the Report.

7. For the financial data and indicators set out in the Report, save as stated otherwise, the monetary unit is denominated in RMB. Due to the use of different units (thousand/million) in the data of this report, rounding differences may occur in total or comparison. Please refer to the exact figures disclosed in the notes to the financial statements for accuracy.

8. The Report has been prepared in both Chinese and English. In the event of any discrepancy, the Chinese version shall prevail.

DEFINITIONS

In the Report, unless the context otherwise requires, the following expressions shall have the following meanings:

"Articles of Association"	the Bank's existing Articles of Association of Weihai Bank Co., Ltd.
"Bank", "our Bank" or "Weihai Bank"	Weihai Bank Co., Ltd. (formerly Weihai City Commercial Bank Co., Ltd.), a joint stock limited company established in the PRC in July 1997 in accordance with the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches, excluding its subsidiary
"Central Bank" or "PBOC"	the People's Bank of China
"Company Law"	The Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Corporate Governance Code"	Corporate Governance Code under Appendix C1 to the Listing Rules
"Group", "our Group", "we" or "us"	the Bank and its subsidiary and, where the context requires, includes its predecessors, branches and sub-branches
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS Accounting Standards"	International Financial Reporting Standards, International Accounting Standards, the related standards, amendments and explanatory announcement, as issued by the International Accounting Standards Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"NFRA" or "CBIRC"	National Financial Regulatory Administration (國家金融監督管理總局), former China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
"Reporting Period"	the six months ended June 30, 2026
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Hi-Speed"	Shandong Hi-Speed Company Limited (山東高速股份有限公司)
"Shandong Hi-Speed Group Company"	Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司)

"Shandong SASAC"	State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government (山東省人民政府國有資產監督管理委員會)
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tongda Financial Leasing"	Shandong Tongda Financial Leasing Co., Ltd. (山東通達金融租賃有限公司)

CORPORATE INFORMATION

BASIC INFORMATION

Legal Chinese Name
威海銀行股份有限公司
(Abbreviation「威海銀行」)

Legal English Name
Weihai Bank Co., Ltd. (Abbreviation "Weihai Bank")

Legal Representative
MENG Dongxiao (孟東曉)

Secretary to the Board
ZHANG Jia'en (張家恩)
Contact Number: (86) 631-5236187
E-mail: whccb@whccb.com

Joint Company Secretaries
LU Jiliang (盧繼梁), TAM Pak Yu, Vivien (譚栢如)

Paid-in Capital
RMB6,869,188,513

Registered Address and Office Address
No. 137A, Qingdao North Road, Weihai City,
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Postcode: 264200
Customer Service Hotline: (86) 40000–96636
Complaint Hotline: (86) 631-5221290
Website: www.whccb.com

Principal Place of Business in Hong Kong
40th Floor, Dah Sing Financial Centre,248 Queen's Road East, Wanchai, Hong Kong

H Share Registrar
Computershare Hong Kong Investor Services Limited

Unified Social Credit Code
913700002671339534

Financial License Institution Number
B0176H337100001

Place of Listing of Shares, Stock Short Name and Stock Code
The Stock Exchange of Hong Kong Limited
Stock Short Name: WEIHAI BANK
Stock Code: 09677

Interim Reports Available at
Office of the Board and principal place of business of the Bank

Legal Adviser
HongKong, China
Paul Hastings
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Auditor
Mainland China Auditor
KPMG Huazhen LLP
8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC

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

The Bank is not an authorised institution within vthe meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorised to carry on banking and/or deposit-taking business in Hong Kong.

COMPANY PROFILE

Since its establishment in 1997, the Bank has always kept in mind its original intention and mission of serving the real economy, adhered to the market positioning of "serving urban and rural residents, serving small and medium enterprises, and serving the local economy", adhered to the service concept of "rooted in Shandong with sincere service", innovated in reform, and surpassed in development, thus moving out a unique development path. The Bank currently has 130 branches and sub-branches in Jinan, Tianjin, Qingdao, etc., and is the first local legal person bank in Shandong Province to achieve "full coverage of the province". In 2016, the Bank was the first financial institution in Shandong Province to initiate the establishment of a financial leasing company, marking a substantial step in its integrated operation. On October 12, 2020, the Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange. On February 26, 2025, the Bank officially changed its name from Weihai City Commercial Bank to Weihai Bank.

Our quality services and good performance have been highly recognized and well received by all sectors of the society. The Bank has been awarded the "Most Competitive Small and Medium Banks" (Chinese Financial Institution Gold Medal List – Golden Dragon Prize), "National Demonstration Unit for 'Party-building and Corporate Culture Management' ("全國' 黨建＋企業文化管理'示範單位"), Star Prize for "Excellent Cases of Brand Enterprises in China" ("全國品牌強企優秀案例"), "Demonstration Unit for Corporate Culture Construction in China's Financial Industry" ("中國金融行業企業文化建設示範單位"), ESG "Level A" Company in Shandong Banking industry (山東省銀行業ESG"A類單位") and "First Batch of A-Grade Taxpaying Financial Institutions in Shandong Province" ("山東省首批A級納稅金融單位"). The brand reputation and social influence were significantly improved.

SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB million (except percentages)

	January to June 2026	January to June 2025	Current period compared to the same period last year
Operating results			Change (%)
Net interest income	**4,588.9**	3,647.9	25.80
Net fee and commission income	**364.7**	448.0	(18.59)
Net trading (losses)/gains, net gains arising from investments and other operating income	**795.5**	960.5	(17.18)
Operating income	**5,749.1**	5,056.4	13.70
Operating expenses	**(1,319.6)**	(1,087.1)	21.39
Credit impairment losses	**(2,647.1)**	(2,524.6)	4.85
Impairment losses on other assets	**(5.4)**	–	N/A
Profit before tax	**1,777.0**	1,444.7	23.00
Net profit	**1,566.1**	1,257.0	24.59
Including: Net profit attributable to equity shareholders of the Bank	**1,392.8**	1,127.6	23.52
Per share (RMB/share)			
Earnings per share attributable to equity shareholders of the Bank	**0.22**	0.19	15.79

	June 30, 2026	December 31, 2025	As at the end of current period compared to the end of previous year
Key indicators of assets and liabilities			Change (%)
Total assets	**540,574.1**	504,520.5	7.15
Including: Total loans	**249,565.1**	226,998.6	9.94
Add: Accrued interest	**1,782.7**	1,781.6	0.06
Less: Allowance for impairment losses of loans and advances to customers measured at amortised cost	**5,736.1**	5,084.9	12.81
Loans and advances to customers	**245,611.7**	223,695.3	9.80
Total liabilities	**503,645.6**	469,144.7	7.35
Including: Total deposits	**366,827.7**	342,332.6	7.16
Add: Accrued interest	**7,340.3**	8,943.2	(17.92)
Deposits from customers	**374,168.0**	351,275.8	6.52
Total equity	**36,928.5**	35,375.8	4.39
Share capital	**6,869.2**	5,980.1	14.87
Total equity attributable to equity shareholders of the Bank[1]	**34,679.5**	33,300.2	4.14
Per share (RMB/share)			
Net assets per share attributable to ordinary equity shareholders of the Bank[2]	**4.18**	4.57	(8.53)

Notes:

(1) Includes perpetual capital bonds issued by the Bank.

(2) Excludes perpetual capital bonds issued by the Bank.

Summary of Accounting Data and Financial Indicators

	January to June 2026	January to June 2025	Current period compared to the same period last year
			Change (%)
Profitability indicators (%)			
Return on average total assets[(1)]	**0.60**	0.55	0.05
Weighted average return on net assets	**9.64**	9.20	0.44
Net interest spread[(2)]	**1.72**	1.53	0.19
Net interest margin[(3)]	**1.83**	1.65	0.18
Net fee and commission income to operating income ratio	**6.34**	8.86	(2.52)
Cost-to-income ratio[(4)]	**21.74**	20.35	1.39

	June 30, 2026	December 31, 2025	As at the end of current period compared to the end of previous year
Asset quality indicators (%)			Change (%)
Non-performing loan ratio[(5)]	**1.39**	1.41	(0.02)
Provision coverage ratio[(6)]	**167.80**	160.14	7.66
Allowance-to-borrowing ratio[(7)]	**2.33**	2.26	0.07
Capital adequacy indicators (%)			
Core tier-one capital adequacy ratio	**8.52**	8.84	(0.32)
Tier-one capital adequacy ratio	**10.35**	10.84	(0.49)
Capital adequacy ratio	**13.02**	13.49	(0.47)
Total equity to total assets ratio	**6.83**	7.01	(0.18)
Other indicators (%)			
Liquidity ratio	**140.86**	135.0	5.86
Loan-to-deposit ratio[(8)]	**68.03**	66.31	1.72

Notes:

(1) Calculated by dividing net profit for the period by the average balance of total assets as at the beginning and the end of the period, and adjusted on an annualised basis.

(2) Net interest spread = the average yield on total interest-earning assets – the average cost of total interest-bearing liabilities, and adjusted on an annualised basis.

(3) Net interest margin = net interest income/average balance of total interest-earning assets, and adjusted on an annualised basis.

(4) Cost-to-income ratio = (operating expenses less taxes and surcharges)/operating income.

(5) Calculated by dividing total non-performing loans by total loans.

(6) Calculated by dividing total impairment allowances for loans by total non-performing loans.

(7) Calculated by dividing total impairment allowances for loans by total loans.

(8) Calculated by dividing total loans by total deposits. Prior to October 1, 2015, commercial banks in the PRC were required to maintain a loan-to-deposit ratio of no more than 75%. Since October 1, 2015, the 75% maximum loan-to-deposit ratio requirement has been cancelled under the revised PRC Commercial Banking Law.

CHAPTER 1 MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF ECONOMIC, FINANCIAL AND POLICY ENVIRONMENT

In the first half of 2026, the international landscape was complex and volatile. Global economic growth slowed overall alongside sluggish international trade. Geopolitical conflicts and economic and trade frictions occurred frequently, with inflationary pressures rising markedly in most countries. China adopted a combination of policies, implemented more proactive and effective macroeconomic measures in a targeted manner, fostered new quality productive forces tailored to local conditions, and effectively responded to external shocks and challenges. The Chinese economy maintained a growth rate of 4.7%, registered moderate price increases, achieved generally stable employment and improved balance of payments. It attained effective improvement in quality and reasonable growth in quantity, demonstrating a development trend featuring shifting growth drivers toward new areas and continuous optimisation of the economic structure. Shandong Province maintained steady and sound economic performance with improved quality amid growth, successfully meeting the "two-half targets" (completing half of the annual tasks as half the year elapsed). The province's gross domestic product stood at RMB5,317.3 billion, representing a 5.6% increase at constant prices.

In the first half of 2026, China pursued more proactive and effective macroeconomic policies. The monetary policy remained moderately accommodative, with enhanced counter-cyclical and cross-cyclical adjustments. The People's Bank of China deployed a diverse range of monetary policy tools to foster a sound monetary and financial environment supporting sustained, high-quality economic development. The effectiveness of reform of the Loan Prime Rate (LPR) continued to be unleashed, and the market-based adjustment mechanism for deposit rates functioned effectively. The transmission efficiency of monetary policy was improved, and the financing costs for the real society remained at a historically low level. Supply and demand in the foreign exchange market were generally balanced. The RMB exchange rate fluctuated in both directions and stayed basically stable at a reasonable and equilibrium level. The financial market operated steadily on the whole.

II. SUMMARY OF OVERALL OPERATIONS

During the Reporting Period, in the face of a complex macroeconomic and financial landscape, we remained steadfast in the principle of "seeking progress while maintaining stability, and improving quality and efficiency". We proactively responded to market changes and accelerated the transformation of our development model, achieving steady and healthy growth across all business lines.

Steady expansion in scale. Total assets reached RMB540,574 million, representing an increase of RMB36,054 million or 7.15% compared with the end of 2025. Total deposits increased by RMB24,495 million or 7.16% compared with the end of 2025 and total loans amounted to RMB22,567 million or 9.94% compared with the end of 2025.

II. SUMMARY OF OVERALL OPERATIONS (CONT'D)

Steady growth in efficiency. In the first half of the year, the Bank achieved a net profit of RMB1,566 million, rising by RMB309 million or 24.59% year-on-year.

Steady improvement in quality. The Bank's capital adequacy ratio was 13.02%, the provision coverage ratio was 167.80%, and the non-performing loan ratio was 1.39%, down by 0.02 percentage point from the end of 2025. All quality indicators maintained an upward trend.

Steady advancement in strategy. Closely aligned with national strategies and overall regional development priorities, the Bank formulated its 15th Five-Year Development Plan. Guided by the initiative to accelerate the development of a strong financial sector, taking promoting high-quality and sustainable development as the main thread, focusing on the "five major articles" of finance as core businesses, adhering to the directions of marketisation, specialisation, refinement and digitalisation, and pursuing the vision of building a first-class city commercial bank nationwide, the Plan further clarifies the strategic direction, philosophies and targets for the next five years.

Steady progress in featured businesses. The Bank strives to build the "1+3" moat business system, forming a featured business layout centred on green finance, with coordinated development of transportation finance, technology finance and inclusive finance. As at the end of the Reporting Period, outstanding loans under the "five major articles" of finance reached RMB138,496 million. Among these, outstanding green loans stood at RMB77,041 million, representing an increase of 37.06% compared with the end of 2025. Outstanding technology loans amounted to RMB22,817 million, increased by 32.57% compared with the end of 2025. Cooperation with Tailong Bank on inclusive finance businesses delivered remarkable results, improving the accessibility and convenience of credit for inclusive customers. Transportation finance covers ports, airports, highways, railways and other sectors, with outstanding loans of RMB12,712 million, representing an increase of 35.97% compared with the end of 2025. Cumulative disbursements under the supply chain product "Shared Loan" reached RMB3,109 million since the beginning of this year.

Steady advancement in innovation. The Bank continued to innovate service models and expand financial service coverage. It vigorously promoted "Weiyi Pay", a credit-based product for public livelihood scenarios, launched the "Haina Wealth Index", and index-linked wealth management products. The Bank obtained qualifications including Credit Risk Mitigation Warrant (CRMW) issuer and underwriter of debt financing instruments for non-financial enterprises, delivering continuous improvement in comprehensive service capabilities.

Steady consolidation of compliance. The Bank actively practices financial culture with Chinese characteristics, firmly establishes a correct view of performance, and carries out campaigns including the Two-Year Special Campaign for Internal Control and Risk Control Enhancement and the Compliance Upgrade Campaign. Risk control and compliance management are embedded into all aspects of daily operation and management. The Bank adheres to the "Three Zeros" bottom line: zero tolerance, zero incidents and zero cases. It leverages the joint oversight of compliance, audit and disciplinary inspection teams to build a long-term mechanism and solid compliance defence line under which personnel are managed by rules and matters are governed by procedures.

III. ANALYSIS OF INCOME STATEMENT

3.1 Financial Highlights

During the Reporting Period, our operating income amounted to RMB5,749 million, representing an increase of RMB693 million or 13.70% as compared to the same period last year; profit before tax amounted to RMB1,777 million, representing an increase of RMB332 million or 23.00% as compared to the same period last year; net profit amounted to RMB1,566 million, representing an increase of RMB309 million or 24.59% as compared to the same period last year, mainly due to our intensified efforts in business expansion and cost control during the first half of 2026, with growth in scale and cost reductions driving year-on-year increases in both operating revenue and profit.

Unit: RMB million (except percentages)

	January to June 2026	January to June 2025	Change	Rate of change (%)
Net interest income	**4,588.9**	3,647.9	941.0	25.80
Interest income	**8,958.2**	8,391.8	566.4	6.75
Interest expense	**(4,369.3)**	(4,743.9)	374.6	(7.90)
Net fee and commission income	**364.7**	448.0	(83.3)	(18.59)
Fee and commission income	**485.5**	569.8	(84.3)	(14.79)
Fee and commission expense	**(120.8)**	(121.8)	1.0	(0.82)
Net trading gains and losses, net gains arising from investments and other operating income	**795.5**	960.5	(165.0)	(17.18)
Operating income	**5,749.1**	5,056.4	692.7	13.70
Operating expenses	**(1,319.6)**	(1,087.1)	(232.5)	21.39
Credit impairment losses	**(2,647.1)**	(2,524.6)	(122.5)	4.85
Other asset impairment losses	**(5.4)**	–	(5.4)	N/A
Profit before tax	**1,777.0**	1,444.7	332.3	23.00
Income tax expense	**(210.9)**	(187.7)	(23.2)	12.36
Net profit	**1,566.1**	1,257.0	309.1	24.59
Including: Net profit attributable to equity shareholders of the Bank	**1,392.8**	1,127.6	265.2	23.52
Net profit attributable to non-controlling interests	**173.3**	129.4	43.9	33.93

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.2 Net Interest Income

Net interest income was the largest component of our operating income, representing 79.82% and 72.14% of our operating income in the first half of 2026 and in the first half of 2025, respectively. Our net interest income amounted to RMB4,589 million during the Reporting Period, representing an increase of RMB941 million or 25.80% as compared to the same period last year, mainly attributable to the steady growth in our business scale and the sustained reduction in the cost of debt, leading to a year-on-year increase in net interest income. The following table sets forth the average balances and related interest income or expense of our interest-earning assets and interest-bearing liabilities, and the average yields on related assets or the average costs of related liabilities for the periods indicated.

Unit: RMB million (except percentages)

	January to June 2026			January to June 2025		
	Average balance	Interest income/ expense	Average yield/ cost (%) [1]	Average balance	Interest income/ expense	Average yield/ cost (%) [1]
Interest-earning assets						
Loans and advances to customers	243,379.5	5,389.2	4.47	212,973.0	4,958.1	4.69
Financial investments	181,973.7	2,125.4	2.36	163,639.3	2,177.4	2.68
Deposits with the central bank[2]	25,056.8	165.8	1.33	23,473.6	153.2	1.32
Deposits with banks and other financial institutions	1,569.6	6.6	0.85	1,919.7	8.5	0.89
Placements with banks and other financial institutions	10,859.5	119.8	2.22	8,960.8	123.3	2.77
Lease receivables	38,113.5	1,115.7	5.90	30,412.1	943.1	6.25
Financial assets held under resale agreements	5,036.1	35.7	1.43	3,352.2	28.2	1.70
Total interest-earning assets	505,988.7	8,958.2	3.57	444,730.7	8,391.8	3.81
Interest-bearing liabilities						
Deposits from customers	353,142.3	3,264.5	1.85	307,836.8	3,478.9	2.28
Deposits from banks and other financial institutions	3,512.9	33.1	1.90	2,971.4	32.3	2.19
Placements from banks and other financial institutions	37,804.9	348.5	1.86	30,114.9	389.0	2.60
Borrowings from the central bank	21,429.7	160.5	1.51	12,652.3	110.9	1.77
Financial assets sold under repurchase agreements	12,873.5	85.0	1.33	14,180.8	125.0	1.78
Debt securities issued[3]	48,403.5	477.7	1.99	52,010.0	607.8	2.36
Total interest-bearing liabilities	477,166.8	4,369.3	1.85	419,766.2	4,743.9	2.28
Net interest income		4,588.9			3,647.9	
Net interest spread			1.72			1.53
Net interest margin			1.83			1.65

Notes:

(1) Calculated as interest income (expense)/average balance, and adjusted on an annualized basis.

(2) Consisted primarily of statutory deposit reserves and surplus deposit reserves.

(3) Consisted of certificates of interbank deposits, financial bonds and tier-two capital bonds issued by us.

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.2 Net Interest Income (Cont'd)

The following table sets forth the allocation of changes in our interest income and interest expense due to changes in volume and changes in rate for the periods indicated. Changes in volume are measured by changes in average balances, and changes in rate are measured by changes in average rates.

Unit: RMB million (except percentages)

	January to June 2026 vs January to June 2025		
	Increase/(decrease) due to change in		Net increase/
	Volume[(1)]	Rate[(2)]	(decrease)[(3)]
Assets			
Loans and advances to customers	673.3	(242.2)	431.1
Financial investments	214.1	(266.1)	(52.0)
Deposits with the central bank	10.5	2.1	12.6
Deposits with banks and other financial institutions	(1.5)	(0.4)	(1.9)
Placements with banks and other financial institutions	20.9	(24.4)	(3.5)
Lease receivables	225.4	(52.8)	172.6
Financial assets held under resale agreements	11.9	(4.4)	7.5
Changes in interest income	1,154.6	(588.2)	566.4
Liabilities			
Deposits from customers	418.8	(633.2)	(214.4)
Deposits from banks and other financial institutions	5.1	(4.3)	0.8
Placements from banks and other financial institutions	70.9	(111.4)	(40.5)
Borrowings from the central bank	65.7	(16.1)	49.6
Financial assets sold under repurchase agreements	(8.6)	(31.4)	(40.0)
Debt securities issued	(35.6)	(94.5)	(130.1)
Changes in interest expense	516.3	(890.9)	(374.6)
Changes in net interest income	638.3	302.7	941.0

Notes:

(1) Represented the average balance for this Reporting Period minus the average balance for the same period last year, multiplied by the average yield/cost for this Reporting Period.

(2) Represented the average yield/cost for this Reporting Period minus the average yield/cost for the same period last year, multiplied by the average balance for the same period last year.

(3) Represented interest income/expense for this Reporting Period minus interest income/expense for the same period last year.

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.3 Interest Income

During the Reporting Period, our interest income amounted to RMB8,958 million, representing an increase of RMB566 million or 6.75% as compared to the same period last year, mainly attributable to the continuous increase of our loan and lease assets, resulting in steady increase in interest income. The following table sets forth a breakdown of our interest income for the periods indicated.

Unit: RMB million (except percentages)

	January to June 2026		January to June 2025	
	Amount	**% of total (%)**	Amount	% of total (%)
Interest income				
Loans and advances to customers	**5,389.2**	**60.16**	4,958.1	59.08
Financial investments	**2,125.4**	**23.73**	2,177.4	25.95
Deposits with banks and other financial institutions	**6.6**	**0.07**	8.5	0.10
Placements with banks and other financial institutions	**119.8**	**1.34**	123.3	1.47
Financial assets held under resale agreements	**35.7**	**0.40**	28.2	0.34
Lease receivables	**1,115.7**	**12.45**	943.1	11.24
Deposits with the central bank	**165.8**	**1.85**	153.2	1.82
Total interest income	**8,958.2**	**100.00**	8,391.8	100.00

Interest income from loans and advances to customers

Our interest income from loans and advances to customers represented 60.16% and 59.08% of our interest income in the first half of 2026 and in the first half of 2025, respectively. During the Reporting Period, our interest income from loans and advances to customers amounted to RMB5,389 million, representing an increase of RMB431 million or 8.69% as compared with the same period last year, primarily due to our continued efforts to strengthen credit support for the real economy, with the scale of our lending business growing steadily. The average balance of loans and advances to customers increased by 14.28% from RMB212,973 million in the first half of 2025 to RMB243,380 million in the first half of 2026. Although the yield on loans declined due to falling market interest rates, the growth in scale drove a steady increase in interest income from loans.

Interest income from financial investments

During the Reporting Period, our interest income from financial investments amounted to RMB2,125 million, representing a decrease of RMB52 million or 2.39% as compared with the same period last year, primarily due to falling market interest rates, with the yield on financial investments falling from 2.68% in the first half of 2025 to 2.36% in the first half of 2026.

Interest income from lease receivables

During the Reporting Period, our interest income from lease receivables was RMB1,116 million, representing an increase of RMB173 million or 18.30% as compared with the same period last year, primarily due to the continued growth of our finance lease business, leading to a year-on-year increase in interest income from lease receivables.

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.4 Interest Expense

During the Reporting Period, our interest expense amounted to RMB4,369 million, representing a decrease of RMB375 million or 7.90% as compared with the same period last year, primarily due to the fact that, against a backdrop of steady growth in our liabilities, we proactively optimised the structure of our liability portfolio, increased the use of low-cost funding and continued to reduce the cost of liabilities, which led to a year-on-year decline in interest expense.

Unit: RMB million (except percentages)

	January to June 2026		January to June 2025	
	Amount	**% of total (%)**	Amount	% of total (%)
Interest expense				
Deposits from customers	**3,264.5**	**74.71**	3,478.9	73.33
Deposits from banks and other financial institutions	**33.1**	**0.76**	32.3	0.68
Placements from banks and other financial institutions	**348.5**	**7.98**	389.0	8.20
Borrowings from the central bank	**160.5**	**3.67**	110.9	2.34
Financial assets sold under repurchase agreements	**85.0**	**1.95**	125.0	2.63
Debt securities issued	**477.7**	**10.93**	607.8	12.82
Total interest expense	**4,369.3**	**100.00**	4,743.9	100.00

Interest expense on deposits from customers

Deposits from customers were our primary source of funding. Interest expense on deposits from customers represented 74.71% and 73.33% of our interest expense in the first half of 2026 and in the first half of 2025, respectively. In the first half of 2026, our interest expense on deposits from customers amounted to RMB3,265 million, representing a decrease of RMB214 million or 6.16% compared with the first half of 2025. This was primarily due to our ongoing efforts to optimise the structure of our deposit business, with the average interest rate on deposits from customers falling by 0.43 percentage point compared with the first half of 2025. The reduction in costs offset the impact of the growth in deposit volumes on interest expense, leading to a year-on-year decrease in interest expense on deposits from customers.

Interest expense on debt securities issued

Interest expense on debt securities issued accounted for 10.93% and 12.82% of our interest expense in the first half of 2026 and in the first half of 2025, respectively. In the first half of 2026, our interest expense on debt securities issued amounted to RMB478 million, representing a decrease of RMB130 million or 21.41% compared with the first half of 2025. This was primarily due to the maturing of existing bonds and the continued decline in interest rates on newly issued bonds, the average interest rate on our issued bonds for the first half of 2026 fell by 0.37 percentage point compared with the first half of 2025.

Interest expense on placements from banks and other financial institutions

Interest expense on placements from banks and other financial institutions accounted for 7.98% and 8.20% of our interest expense in the first half of 2026 and in the first half of 2025, respectively. In the first half of 2026, our interest expense on placements from banks and other financial institutions amounted to RMB349 million, representing a decrease of RMB41 million or 10.41% compared with the first half of 2025. This was primarily due to our continued efforts to strengthen the management of the cost of debt, with the average interest rate on placements from banks and other financial institutions falling by 0.74 percentage point compared with the first half of 2025.

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.4 Interest Expense (Cont'd)

Interest expense on borrowings from the central bank

Interest expense on borrowings from the central bank represented 3.67% and 2.34% of our interest expense in the first half of 2026 and in the first half of 2025, respectively. In the first half of 2026, our interest expense on borrowings from the central bank amounted to RMB161 million, representing an increase of RMB50 million compared with the first half of 2025, representing a rise of 44.72%, primarily due to our ongoing efforts to optimise the structure of our liability operations and increase the utilisation of low-cost funds from the central bank, with the average balance of borrowings from the central bank rising by 69.37% from RMB12,652 million in the first half of 2025 to RMB21,430 million in the first half of 2026.

3.5 Net Fee and Commission Income

During the Reporting Period, our net fee and commission income amounted to RMB365 million, representing a decrease of RMB83 million as compared with the same period last year, primarily due to a year-on-year decrease in fee income such as agency services fees. The following table sets forth the principal components of our net fee and commission income for the periods indicated.

Unit: RMB million

	January to June 2026	January to June 2025
Fee and commission income		
Agency services fees	**333.0**	423.6
Settlement, clearing and other fees	**54.6**	50.0
Bank card services fees	**5.1**	6.6
Acceptance and guarantee services fees	**61.8**	72.1
Others(1)	**31.0**	17.5
Sub-total	**485.5**	569.8
Fee and commission expense		
Settlement, clearing and other fees	**(112.0)**	(109.2)
Bank card services fees	**(3.6)**	(4.7)
Others(2)	**(5.2)**	(7.9)
Sub-total	**(120.8)**	(121.8)
Net fee and commission income	**364.7**	448.0

Notes:

(1) Consisted primarily of income from payment and collection clearance accounts and safekeeping business.

(2) Consisted primarily of safekeeping fees and other expenses.

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.6 Net Trading Gains and Losses, Net Gains Arising from Investments and Other Operating Income

During the Reporting Period, our net trading gains and losses, net gains arising from investments and other operating income amounted to RMB796 million, representing a decrease of RMB165 million or 17.18% as compared with the same period last year, primarily due to the year-on-year decrease in net gains arising from investments realised through trading in the first half of 2026. The following table sets forth the details of our net trading (losses)/gains, net gains arising from investments and other operating income for the periods indicated:

Unit: RMB million

	January to June 2026	January to June 2025
Net trading gains and losses	**5.50**	(118.4)
Net gains arising from investments	**545.4**	926.8
Other operating income	**244.6**	152.1
Total	**795.5**	960.5

3.7 Operating Expenses

During the Reporting Period, our operating expenses amounted to RMB1,320 million, representing an increase of RMB233 million or 21.39%, as compared with the same period last year, primarily due to the year-on-year increase in expenditure on labour costs, depreciation and amortisation and various taxes and levies, driven by business growth and increased staff numbers. The following table sets forth the principal components of our total operating expenses for the periods indicated.

Unit: RMB million

	January to June 2026	January to June 2025
Staff costs	**744.8**	563.6
Depreciation and amortisation	**210.4**	188.6
Taxes and surcharges	**70.0**	58.3
Rental and property management expenses	**8.5**	8.1
Interest expense on lease liabilities	**9.5**	9.9
Others	**276.4**	258.6
Total operating expenses	**1,319.6**	1,087.1
Cost-to-income ratio	**21.74%**	20.35%

III. ANALYSIS OF INCOME STATEMENT (CONT'D)

3.8 Credit Impairment Losses

During the Reporting Period, our credit impairment losses amounted to RMB2,647 million, representing an increase of RMB123 million as compared with the same period last year, primarily due to the year-on-year increase in impairment provisions recognised for financial investments and leasing operations during the Reporting Period, in line with the growth in the scale of our business. The table below sets forth the principal components of our credit impairment losses for the periods indicated.

Unit: RMB million

	January to June 2026	January to June 2025
Financial assets held under resale agreements	**(3.4)**	(0.5)
Loans and advances to customers	**1,682.0**	1,879.6
Financial investments	**540.3**	462.2
Lease receivables	**336.3**	219.9
Credit commitments	**4.3**	(7.5)
Others	**87.6**	(29.1)
Total	**2,647.1**	2,524.6

3.9 Income Tax Expense

During the Reporting Period, our income tax expense was RMB211 million, representing an increase of RMB23 million as compared with the same period last year, primarily due to the year-on-year increase in profit before tax, which led to a corresponding rise in income tax expense. The following table sets forth the reconciliation between the income tax calculated at the statutory income tax rate applicable to our profit before tax and our actual income tax for the periods indicated.

Unit: RMB million

	January to June 2026	January to June 2025
Profit before tax	**1,777.0**	1,444.7
Income tax calculated at statutory tax rate	**444.2**	361.2
Tax effect of non-deductible expenses	**16.4**	18.4
Tax effect of non-taxable income[1]	**(249.7)**	(191.9)
Income tax expense	**210.9**	187.7

Note:

(1) Non-taxable income mainly represents interest income from PRC government bonds, which is exempt from income tax in accordance with PRC tax regulations.

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION

4.1 Assets

As of the end of the Reporting Period, our total assets amounted to RMB540,574 million, representing an increase of RMB36,054 million or 7.15% as compared to the end of 2025, primarily due to the steady growth in the scale of our business, with loans and advances to customers increasing by RMB21,916 million or 9.80% compared with the end of 2025 and financial investments increasing by RMB9,780 million or 5.21% compared with the end of 2025. The following table sets forth the composition of our total assets as of the dates indicated.

Unit: RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Loans and advances to customers	**245,611.7**	**45.44**	223,695.3	44.34
Financial investments	**197,492.8**	**36.53**	187,712.4	37.21
Cash and deposits with the central bank	**33,333.6**	**6.17**	29,746.6	5.90
Financial assets held under resale agreements	**–**	**–**	4,797.1	0.95
Deposits with banks and other financial institutions	**2,681.4**	**0.49**	3,638.5	0.72
Placements with banks and other financial institutions	**11,011.4**	**2.04**	10,705.9	2.12
Property and equipment	**4,822.0**	**0.89**	4,922.7	0.98
Right-of-use assets	**432.5**	**0.08**	475.9	0.09
Deferred income tax assets	**4,103.1**	**0.76**	4,035.2	0.80
Lease receivables	**37,730.7**	**6.98**	32,704.5	6.48
Other assets[1]	**3,354.9**	**0.62**	2,086.4	0.41
Total assets	**540,574.1**	**100.00**	504,520.5	100.00

Note:

(1) Other assets consist primarily of interest receivable, prepaid expenses, settlement and clearing account and other receivables.

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.1 Loans and advances to customers

As of the end of the Reporting Period, our total loans amounted to RMB249,565 million, representing an increase of RMB22,567 million or 9.94% as compared to the end of 2025. In particular, total corporate loans amounted to RMB193,239 million, representing an increase of RMB21,716 million or 12.66% as compared to the end of 2025; personal loans amounted to RMB35,513 million, representing a decrease of RMB1,897 million or 5.07% as compared to the end of 2025; discounted bills amounted to RMB20,814 million, representing an increase of RMB2,748 million or 15.21% as compared to the end of 2025.

Loans by business type

Unit: RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Corporate loans	**193,238.7**	**77.43**	171,523.2	75.56
Personal loans	**35,512.9**	**14.23**	37,410.1	16.48
Discounted bills	**20,813.5**	**8.34**	18,065.3	7.96
Total loans	**249,565.1**	**100.00**	226,998.6	100.00
Add: Accrued interest	**1,782.7**	**–**	1,781.6	–
Less: Allowance for loans and advances to customers measured at amortised cost	**5,736.1**	**–**	5,084.9	–
Loans and advances to customers	**245,611.7**	**–**	223,695.3	–

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.1 Loans and advances to customers (Cont'd)

Corporate loans by industry

Unit: RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	% of total	Amount	% of total
Industry:				
Leasing and business services	41,269.4	21.36	39,556.6	23.06
Wholesale and retail	35,949.3	18.60	29,088.7	16.96
Construction	26,174.4	13.55	22,342.0	13.03
Manufacturing	25,801.9	13.35	22,715.6	13.24
Water conservancy, environment and public facilities management	23,730.1	12.28	21,419.4	12.49
Electricity, heat, gas and water production and supply	13,046.0	6.75	11,896.0	6.94
Real estate	7,462.1	3.86	8,334.5	4.86
Agriculture, forestry, animal husbandry and fishery	4,631.7	2.40	4,498.8	2.62
Transportation, warehousing and postal services	3,787.9	1.96	2,933.1	1.71
Education	2,323.1	1.20	2,252.1	1.31
Health and social work	2,305.1	1.19	1,745.7	1.02
Scientific research and technical services industry	1,644.6	0.85	875.3	0.51
Information transmission, software and information technology services	1,570.7	0.81	861.7	0.50
Others(1)	3,542.4	1.84	3,003.7	1.75
Total corporate loans	193,238.7	100.00	171,523.2	100.00

Note:

(1) Others consist primarily of accommodation and catering, culture, sports and entertainment, mining, resident services, maintenance and other services.

As of the end of the Reporting Period, the top five industries to which we distributed loans were leasing and business services, wholesale and retail, construction, manufacturing and water conservancy, environment and public facilities management; loans to customers in these five industries totaled RMB41,269 million, RMB35,949 million, RMB26,174 million, RMB25,802 million and RMB23,730 million, respectively, accounting for 21.36%, 18.60%, 13.55%, 13.35% and 12.28% of our total corporate loans, respectively.

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.1 Loans and advances to customers (Cont'd)

Corporate loans by product type

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Working capital loans	**144,427.1**	**74.74**	124,027.1	72.31
Fixed asset loans	**43,752.6**	**22.64**	43,923.4	25.61
Other loans[(1)]	**5,059.0**	**2.62**	3,572.7	2.08
Total corporate loans	**193,238.7**	**100.00**	171,523.2	100.00

Note:

(1) Other loans consisted primarily of trade financing and advances.

Personal loans by product type

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Residential mortgage loans	**13,525.6**	**38.09**	14,131.1	37.77
Personal consumption loans[(1)]	**11,292.0**	**31.80**	12,137.8	32.45
Personal business loans	**10,695.3**	**30.11**	11,141.2	29.78
Total personal loans	**35,512.9**	**100.00**	37,410.1	100.00

Note:

(1) Personal consumption loans consist Credit cards.

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.1 Loans and advances to customers (Cont'd)

Discounted bills

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Bank acceptance bills	**7,532.3**	**36.19**	8,123.2	44.97
Commercial acceptance bills	**13,281.2**	**63.81**	9,942.1	55.03
Total discounted bills	**20,813.5**	**100.00**	18,065.3	100.00

Distribution of loans and advances to customers by collateral

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Pledged loans	**25,233.3**	**10.11**	26,889.1	11.85
Collateralised loans	**70,666.6**	**28.32**	69,207.2	30.49
Guaranteed loans	**102,821.0**	**41.20**	88,450.0	38.96
Unsecured loans	**30,030.7**	**12.03**	24,387.0	10.74
Discounted bills	**20,813.5**	**8.34**	18,065.3	7.96
Total loans	**249,565.1**	**100.00**	226,998.6	100.00

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.1 Loans and advances to customers (Cont'd)

Distribution of loans and advances to customers by geographical region

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Weihai City	**76,173.1**	**30.52**	76,808.9	33.84
Outside Weihai City	**173,392.0**	**69.48**	150,189.7	66.16
Total loans	**249,565.1**	**100.00**	226,998.6	100.00

4.1.2 Financial investments

As of the end of the Reporting Period, the carrying value of our financial investments was RMB197,493 million, representing an increase of RMB9,780 million or 5.21% as compared with the end of 2025. The following table sets forth the composition of our financial investment portfolio as of the dates indicated.

Classification of financial investments by business model and cash flow characteristics

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Financial investments measured at amortised cost	**87,501.0**	**44.31**	89,623.0	47.75
Financial investments measured at fair value through other comprehensive income	**97,926.4**	**49.58**	85,171.3	45.37
Financial investments measured at fair value through profit or loss	**12,065.4**	**6.11**	12,918.1	6.88
Total financial investments	**197,492.8**	**100.00**	187,712.4	100.00

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION（CONT'D）

4.1 Assets（Cont'd）

4.1.2 Financial investments（Cont'd）

Financial investments measured at amortised cost

The carrying value of our financial investments measured at amortised cost amounted to RMB87,501 million, representing a decrease of RMB2,122 million or 2.37% as compared to the end of 2025, mainly due to maturity of the investments.

Unit:RMB million

	June 30, 2026	December 31, 2025
Debt securities, classified by type of issuers		
Government	**46,583.6**	47,638.9
Policy banks	**18,169.1**	17,233.3
Banks and other financial institutions	**9,385.8**	9,599.7
Corporates	**10,830.5**	11,567.3
Accrued interest	**1,438.5**	1,653.9
Sub-total	**86,407.5**	87,693.1
Investment management products	**3,661.1**	3,839.6
Asset-backed securities	**379.6**	492.8
Less: Allowance for impairment losses	**(2,947.2)**	(2,402.5)
Total	**87,501.0**	89,623.0

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.2 Financial investments (Cont'd)

Financial investments measured at fair value through other comprehensive income

As of the end of the Reporting Period, the carrying value of our financial investments measured at fair value through other comprehensive income amounted to RMB97,926 million, representing an increase of RMB12,755 million or 14.98% as compared with that of the end of 2025, mainly due to the optimisation of our investment structure in response to conditions in the bond market, involving a moderate increase in the scale of our investments in policy bank bonds and government bonds. The following table sets forth the components of our financial investments measured at fair value through other comprehensive income as of the dates indicated.

Unit:RMB million

	June 30, 2026	December 31, 2025
Debt securities, classified by type of issuers		
Government	32,093.8	27,987.5
Policy banks	26,611.8	16,421.0
Banks and other financial institutions	25,705.9	30,456.2
Corporates	6,450.3	7,358.4
Accrued interest	848.5	934.6
Sub-total	91,710.3	83,157.7
Interbank deposits	5,358.8	1,386.2
Asset-backed securities	542.2	312.3
Equity investments	315.1	315.1
Total	97,926.4	85,171.3

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.1 Assets (Cont'd)

4.1.2 Financial investments (Cont'd)

Financial investments measured at fair value through profit or loss

As of the end of the Reporting Period, the carrying value of our financial investments measured at fair value through profit or loss amounted to RMB12,065 million. The following table sets forth the components of our financial investments measured at fair value through profit or loss as of the dates indicated.

Unit:RMB million

	June 30, 2026	December 31, 2025
Debt securities issued by the following PRC domestic institutions		
– Banks and other financial institutions	**1,662.3**	1,907.8
– Corporates	**–**	144.4
Sub-total	**1,662.3**	2,052.2
Asset-backed securities	**545.0**	612.3
Fund investments	**6,875.2**	6,591.3
Investment management products	**2,934.3**	3,607.3
Repossessed equity	**48.6**	55.0
Total	**12,065.4**	12,918.1

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.2 Liabilities

As of the end of the Reporting Period, our total liabilities amounted to RMB503,646 million, representing an increase of RMB34,501 million or 7.35% as compared to the end of 2025, mainly due to the Bank's continued efforts to intensify its deposit marketing activities, resulting in a rise in deposits from customers of RMB22,892 million or 6.52% compared with the end of 2025; at the same time, the Bank optimised the structure of its liability operations and increased the utilisation of low-cost funds from the central bank, with borrowings from the central bank rising by RMB6,102 million compared with the end of 2025, representing an increase of 32.11%. The following table sets forth the composition of our total liabilities as of the dates indicated.

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Deposits from customers	**374,168.0**	**74.29**	351,275.8	74.88
Financial assets sold under repurchase agreements	**10,491.4**	**2.08**	6,982.5	1.49
Deposits from banks and other financial institutions	**2,336.0**	**0.46**	3,366.2	0.72
Placements from banks and other financial institutions	**39,642.0**	**7.87**	34,699.4	7.40
Debt securities issued	**46,076.5**	**9.15**	48,715.1	10.38
Borrowings from the central bank	**25,107.4**	**4.99**	19,005.0	4.05
Income tax payable	**164.2**	**0.03**	473.6	0.10
Lease liabilities	**436.9**	**0.09**	469.2	0.10
Other liabilities[1]	**5,223.2**	**1.04**	4,157.9	0.88
Total liabilities	**503,645.6**	**100.00**	469,144.7	100.00

Note:

(1) Other liabilities consisted primarily of accrued staff costs, dividend payable and other payables.

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION（CONT'D）

4.2 Liabilities（Cont'd）

4.2.1 Deposits from customers

Deposits from customers are our primary source of funding, accounting for 74.29% and 74.88% of our total liabilities as of the end of June 2026 and the end of 2025, respectively. As of the end of the Reporting Period, our deposits from customers amounted to RMB374,168 million, representing an increase of RMB22,892 million or 6.52% as compared to the end of 2025, mainly due to our continued efforts to strengthen deposit marketing and customer acquisition, with both corporate and personal deposits achieving solid growth. The following table sets forth the composition of our deposits from customers as of the dates indicated.

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Corporate deposits				
Demand deposits	**50,225.5**	**13.69**	54,976.6	16.06
Time deposits	**116,478.7**	**31.76**	107,120.8	31.29
Sub-total	**166,704.2**	**45.45**	162,097.4	47.35
Personal deposits				
Demand deposits	**13,069.4**	**3.56**	11,529.8	3.37
Time deposits	**187,049.3**	**50.99**	168,700.0	49.28
Sub-total	**200,118.7**	**54.55**	180,229.8	52.65
Inward and outward remittances	**4.8**	**0.00**	5.4	0.00
Total	**366,827.7**	**100.00**	342,332.6	100.00
Interests accrued	**7,340.3**		8,943.2	
Deposits from customers	**374,168.0**		351,275.8	

IV. ANALYSIS OF STATEMENT OF FINANCIAL POSITION (CONT'D)

4.2 Liabilities (Cont'd)

4.2.2 Placements from banks and other financial institutions

As of the end of the Reporting Period, the balance of our placements from banks and other financial institutions amounted to RMB39,642 million, representing an increase of RMB4,943 million or 14.24% as compared to the end of 2025, mainly due to the continued growth in the scale of our financial leasing business, which led to a corresponding increase in the placements from banks and other financial institutions.

4.2.3 Borrowings from the central bank

As of the end of the Reporting Period, our balance of borrowings from the central bank amounted to RMB25,107 million, representing an increase of RMB6,102 million or 32.11% as compared to the end of 2025, mainly due to our ongoing efforts to optimise the structure of our liability portfolio and increase the utilisation of low-cost funds from the central bank, resulting in a corresponding increase in outstanding borrowings from the central bank.

4.2.4 Financial assets sold under repurchase agreements

As of the end of the Reporting Period, our balance of financial assets sold under repurchase agreements amounted to RMB10,491 million, representing an increase of RMB3,509 million or 50.25% as compared to the end of 2025, mainly due to our proactive efforts to optimise the structure of our liability portfolio and increase the use of low-cost market funds in order to reduce the cost of debt, resulting in a corresponding increase in our balance of financial assets sold under repurchase agreements.

4.3. Shareholders' Equity

As of the end of the Reporting Period, our total shareholders' equity amounted to RMB36,929 million, representing an increase of RMB1,553 million or 4.39% as compared to the end of 2025. The following table sets forth the composition of our shareholders' equity as of the dates indicated.

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Share capital	**6,869.2**	**18.60**	5,980.1	16.90
Capital reserve	**6,936.4**	**18.78**	7,356.9	20.80
Other equity instruments	**5,999.1**	**16.25**	5,999.1	16.96
Surplus reserve	**2,107.3**	**5.71**	2,107.3	5.96
General reserve	**5,543.5**	**15.01**	4,657.7	13.17
Other comprehensive income	**530.3**	**1.44**	277.4	0.78
Retained earnings	**6,693.7**	**18.12**	6,921.7	19.56
Total equity attributable to equity shareholders of the Bank	**34,679.5**	**93.91**	33,300.2	94.13
Non-controlling interests	**2,249.0**	**6.09**	2,075.6	5.87
Total equity	**36,928.5**	**100.00**	35,375.8	100.00

V. OFF-BALANCE SHEET ITEMS

Our off-balance sheet items particularly include credit commitment and capital commitment, etc. Credit commitment is the most important component, and as of the end of the Reporting Period, the balance of credit commitment amounted to RMB89,075 million. For details, please refer to Note 47(1) to the financial statements in the Report.

For details of pledges as collateral for liabilities, please refer to Note 47(5) to the financial statements in the Report.

VI. ANALYSIS OF LOAN QUALITY

During the Reporting Period, we strengthened the management and control of the quality of credit assets. While the credit assets grew steadily, the quality of credit assets remained stable. As of the end of the Reporting Period, our total loans amounted to RMB249,565 million, representing an increase of RMB22,567 million or 9.94% as compared with the end of 2025; and total non-performing loans amounted to RMB3,459 million, representing an increase of RMB249 million or 7.76% as compared with the end of 2025.

6.1 Distribution of Loans by Five-category Classification

Unit:RMB million (except percentages)

	June 30, 2026		December 31, 2025	
	Amount	**% of total**	Amount	% of total
Normal loans	**241,587.8**	**96.8**	218,955.2	96.46
Special-mentioned loans	**4,517.9**	**1.81**	4,833.2	2.13
Sub-total of normal loans	**246,105.7**	**98.61**	223,788.4	98.59
Substandard loans	**1,489.0**	**0.60**	1,727.1	0.76
Doubtful loans	**1,368.6**	**0.55**	1,053	0.46
Loss loans	**601.8**	**0.24**	430.1	0.19
Sub-total of non-performing loans	**3,459.4**	**1.39**	3,210.2	1.41

Under the five-category loan regulatory system, our non-performing loans include substandard, doubtful and loss loans. As of the end of the Reporting Period, our non-performing loan ratio decreased by 0.02 percentage point to 1.39% as compared to the end of 2025. In particular, the proportion of substandard loans decreased by 0.16 percentage point to 0.6% as compared to the end of 2025, the proportion of doubtful loans increased by 0.09 percentage point to 0.55% as compared to the end of 2025, and the proportion of loss loans increased by 0.05 percentage point to 0.24% as compared to the end of 2025.

VI. ANALYSIS OF LOAN QUALITY (CONT'D)

6.2 Distribution of Non-performing Corporate Loans by Industry

Unit:RMB million (except percentages)

	June 30, 2026			December 31, 2025		
	Amount of non-performing loans	% of total [1]	Non-performing loan ratio (%)	Amount of non-performing loans	% of total	Non-performing loan ratio (%)
Wholesale and retail	705.8	61.21	1.96	311.8	25.19	1.07
Manufacturing	328.3	28.47	1.27	236.5	19.10	1.04
Construction	46.1	4.00	0.18	33.3	2.69	0.15
Information transmission, software and information technology services	12.5	1.08	0.80	11.8	0.95	1.37
Resident services, maintenance and other services	9.8	0.85	3.35	3.4	0.27	1.56
Leasing and business services	8.1	0.70	0.02	3.2	0.26	0.01
Real estate	6.9	0.60	0.09	612.8	49.50	7.35
Electricity, heat, gas and water production and supply	6.0	0.52	0.05	1.5	0.12	0.01
Others [1]	29.5	2.57	0.07	23.6	1.92	0.07
Total	1,153.0	100.00	0.60	1,237.9	100.00	0.72

Note:

(1) Others consist primarily of agriculture, forestry, animal husbandry and fishery, scientific research and technical services industry, transportation, warehousing and postal services, health and social work, water conservancy, environment and public facilities management, accommodation and catering, culture, sports and entertainment, mining, and education.

VI. ANALYSIS OF LOAN QUALITY（CONT'D）

6.3 Distribution of Non-performing Loans by Geographical Region

Unit:RMB million (except percentages)

	June 30, 2026			December 31, 2025		
	Amount	% of total	Non-performing loan ratio (%)	Amount	% of total	Non-performing loan ratio(%)
Weihai City	**800.3**	**23.13**	**1.05**	1,140.4	35.52	1.48
Outside Weihai City	**2,659.1**	**76.87**	**1.53**	2,069.8	64.48	1.38
Total non-performing loans	**3,459.4**	**100.00**	**1.39**	3,210.2	100.00	1.41

6.4 Concentration of Borrowers

Pursuant to the Administrative Measures for the Large Risk Exposure of Commercial Banks and the Core Indicators for Risk Supervision of Commercial Banks (Provisional), loans to a single borrower by a commercial bank shall not exceed 10% of its net capital. As of the end of the Reporting Period, the amount of loans to our largest single customer accounted for 4.36% of our net capital, which was in compliance with regulatory requirements.

Loans to the top ten single borrowers

Unit:RMB million (except percentages)

	Industry	Loan amount as of the end of the Reporting Period	% of total loans	% of net capital	Five category classification
Borrower A	Leasing and business services	1,923.0	0.77	4.36	Normal
Borrower B	Water conservancy, environment and public facilities management	1,832.2	0.74	4.15	Normal
Borrower C	Leasing and business services	1,750.0	0.70	3.97	Normal
Borrower D	Wholesale and retail	1,625.0	0.65	3.68	Normal
Borrower E	Leasing and business services	1,453.8	0.58	3.29	Normal
Borrower F	Water conservancy, environment and public facilities management	1,419.7	0.57	3.22	Normal
Borrower G	Leasing and business services	1,360.0	0.54	3.08	Normal
Borrower H	Leasing and business services	1,280.0	0.51	2.90	Normal
Borrower I	Leasing and business services	1,219.8	0.49	2.76	Normal
Borrower J	Water conservancy, environment and public facilities management	1,210.6	0.49	2.74	Normal
Total		15,074.1	6.04	34.15	

VII. SEGMENT REPORTING

The following segment operating results are presented by business segment. Our principal businesses include corporate banking, retail banking, financial market business and others. The following table sets forth our key operating results for each of our business segments for the periods indicated.

Unit:RMB million (except percentages)

	January to June 2026		January to June 2025	
	Operating income of the segment	**% of total**	Operating income of the segment	% of total
Corporate banking	**3,782.9**	**65.80**	3,138.6	62.07
Retail banking	**894.6**	**15.56**	889.2	17.59
Financial market business	**1,075.6**	**18.71**	1,029.6	20.36
Others	**(4.0)**	**(0.07)**	(1.0)	(0.02)
Total	**5,749.1**	**100.00**	5,056.4	100.00

VIII. BUSINESS DEVELOPMENT

Our principal business lines include corporate banking (including finance lease services provided through our subsidiary, Tongda Financial Leasing), retail banking and financial market business.

8.1 Corporate Banking

The Bank's corporate banking business fully relied on the advantages of its shareholders, business scale and network, improved comprehensive service capability, focused on local characteristic industries, fully integrated with the local regional development plan, always adhered to the market positioning of "serving the urban and rural residents, small and medium enterprises and local economy", and always adhered to the path of differentiation, retailing and integrated innovative characteristic development to form a characteristic operation. Focusing on profit centers, we have strengthened our team and customer base, achieving improvement in scale efficiency, business transformation, and system empowerment. The Bank implemented the visitor system, strengthened the coordinated marketing mechanism, and strengthened the interaction between lines and lines and the overall synergy, so as to improve the accuracy and efficiency of docking to the real economy, and to provide strong financial support for the development of the regional economy. The Bank continued to iterate its online cash management service channels, including corporate online banking and direct bank-enterprise connectivity, intensified its efforts in scenario-based marketing expansion for corporate customers, and steadily enhanced the depth of its corporate online settlement and integrated customer services.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.1 Corporate Banking (CONT'D)

(1) Corporate customers

The Bank has established a vast and stable corporate banking customer base in Shandong Province and Tianjin Municipality. The corporate banking customers of the Bank primarily comprise the governmental agencies, state-owned enterprises, business units, and industrial and commercial enterprises in Shandong Province and Tianjin Municipality. As of the end of the Reporting Period, there were 96,637 corporate customers, representing an increase of 11,096 customers as compared with that as of the end of last year. The marketing focus of the Bank's corporate customers was firstly, to expand the scale and speed advantages of the Bank, and form a group of high quality customers in the livelihood, green finance, technology and trade finance categories with platform building and selected customers as the starting point; secondly, the Bank carried out chain marketing, relied on core customers, integrated core customer resources, made full use of supply chain products, explored upstream and downstream industrial chains, marketed high-quality supply chain financial customers, gained in-depth linkage and explored the potential of customer resources.

(2) Corporate deposits

During the Reporting Period, the Bank firstly focused on enhancing customer base by leveraging channel visitors and chain marketing as key initiatives, steadily expanding its customer base and consolidating the customer base foundation; secondly, the Bank focused on scenario linkage, strengthened the linkage mechanism, continuously innovated and deepened business linkage scenarios to enhance the level of linkage and refined marketing; thirdly, the Bank strengthened technological empowerment and continuously optimized the construction of system platforms to help business opportunity acquisition and marketing promotion, enhance the intelligence and user-friendliness of its business system operations and improve customer experience and stickiness, enabling a stable increase in the scale of corporate deposits.

As of the end of the Reporting Period, the balance of corporate deposits amounted to RMB166,704 million, representing an increase of RMB4,607 million or 2.84% as compared with the end of 2025, accounting for 45.45% of total deposits. In particular, corporate demand deposits amounted to RMB50,226 million, accounting for 30.13% of corporate deposits; and corporate time deposits amounted to RMB116,479 million, accounting for 69.87% of corporate deposits.

VIII. BUSINESS DEVELOPMENT(CONT'D)

8.1 Corporate Banking(Cont'd)

(3) Corporate loans

As of the end of the Reporting Period, the balance of corporate loans was RMB193,239 million, representing an increase of RMB21,716 million or 12.66% as compared with the end of 2025, of which the balance of working capital loans was RMB144,427 million, accounting for 74.74% of total corporate loans; the balance of fixed asset loans was RMB43,753 million, accounting for 22.64% of total corporate loans; and the balance of other loans was RMB5,059 million, accounting for 2.62% of total corporate loans.

Loans to large and medium enterprises

During the Reporting Period, the Bank actively implemented the national policy orientation and regulatory requirements, actively supported the development of the real economy, attached great importance to shifting credit resources to green finance, blue finance, inclusive finance, "specialized and sophisticated enterprises that produce new and unique products"，strategic emerging industries and advanced manufacturing, private enterprises, rural revitalization, and people's livelihood industries, as well as intensified efforts to expand business in regionally advantageous industries and distinctive industrial clusters, innovated business models, promoted cluster-based and chain-linked marketing, advanced investment-loan synergy and integration of industry and finance, continuously optimized the credit business environment, and enhanced the quality of credit services. As of the end of the Reporting Period, the balance of loans to large enterprises was RMB23,696 million, and the balance of loans to medium enterprises was RMB49,721 million.

VIII. BUSINESS DEVELOPMENT（CONT'D）

8.1 Corporate Banking（Cont'd）

(3) Corporate loans（Cont'd）

Loans to small and micro enterprises

The Bank has set up a specialised institution for small and micro enterprises—the small enterprise financial service centre, which directly operates a micro enterprise loan management center, a small and micro enterprise financial service centre, a product management center, a risk center and a marketing management center. Our grassroots branches focus on retail and inclusive businesses, and have established inclusive finance market departments to achieve full coverage of inclusive professional teams of branches, supervising divisions/directly administered sub-branches.

During the Reporting Period, the Bank continued to strengthen its support for inclusive credit in terms of policy resources, product innovation and digital empowerment through measures such as separate credit plans, preferential performance assessments, and favorable internal funds transfer pricing, thereby meeting the diverse financial needs of inclusive small and micro customer groups. As of the end of the Reporting Period, the balance of the Bank's inclusive loans amounted to RMB38,162 million, representing an increase of RMB2,531 million or 7.10% as compared with the beginning of the year. The average interest rate for inclusive loans was 4.10%，and the number of customers of inclusive loans was approximately 62,000. The Bank effectively supported the capital demands from inclusive small and micro enterprises.

VIII. BUSINESS DEVELOPMENT(CONT'D)

8.1 Corporate Banking(Cont'd)

(3) Corporate loans(Cont'd)

Loans to small and micro enterprises(Cont'd)

During the Reporting Period, the Bank adhered to its inclusive development model featuring "dedicated institutions and specialised teams", ensuring that inclusive finance business is managed, handled and promoted by dedicated personnel. The Bank separately set aside credit plans for inclusive small and micro enterprises, continuously directing credit resources towards small and micro enterprises, individual industrial and commercial households, and agriculture-related entities. Upholding the principle of quality improvement, the Bank enhanced its intelligent risk control models through online-offline integration, integrated multi-dimensional government data to strengthen look-through due diligence, and monitored the flow of credit funds in real time. It reasonably priced inclusive loan rates and proactively responded to interest rate liberalisation. Meanwhile, it introduced rollover loans without principal repayment to ease customers' turnover pressure, and supported flexible borrowing and repayment to reduce customers' idle fund costs.

(4) Supply chain financing business

During the Reporting Period, the Bank actively implemented its work plan of supply chain transformation, pooled its efforts to broaden horizon and reached consensus at the top-level design, and managed its customers with supply chain thinking, thus forming a strong driving force to promote the sound development of supply chain business. Within the Bank, we created scenarios relying on its products. The Bank focused on key customers to carry out chain marketing, continuously reached high-quality core enterprises, conducted targeted marketing activities and provided customized supply chain service design and solutions for large central and state-owned enterprises, listed companies, top 100 companies, industry leaders, regional leaders and other high-quality core enterprises, with a view to meeting the all-round, multi-level comprehensive financial service needs of a single enterprise or different enterprises. Outside the Bank, we worked with platforms to attract customer traffic and acquire customers. Meantime, the Bank strengthened the construction of channels, launched a number of scenarios, continuously worked with high-quality external platforms, explored more scenario-based cooperation opportunities, and promoted industries and models in line with credit policies of the Bank, therefore further expanding scenarios for customer acquisition and promoting the digital transformation of supply chain business. As of the end of the Reporting Period, the Bank's balance of supply chain financing business was RMB28,587 million.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.1 Corporate Banking (Cont'd)

(5) Trade finance business

The Bank provides diversified and comprehensive financial products and supporting services to corporate customers engaged in cross-border transactions and domestic trade. Our international settlement core business includes remittance, collection, letters of credit, letters of guarantee and cross-border RMB settlement. As of the end of the Reporting Period, the Bank had 24 branches and sub-branches providing international settlement business and had established agency relationship with over 200 banks, covering various countries and regions including mainland China, Hong Kong, China, Germany and the United States. The Bank has continued to execute targeted customer acquisition campaigns using a customer-list approach in its trade finance business to enhance its business scale. During the Reporting Period, the Bank's trading and financial business transaction volume amounted to US$5,582 million.

(6) Green finance

The Bank fully implemented the principles of the 20th CPC National Congress and the Central Financial Work Conference, actively responded to the major decisions and arrangements of "carbon peaking"and "carbon neutrality", strived to develop the green finance business, and continued to advance green finance development from a strategic perspective. First, the Bank continuously strengthened strategic guidance. It incorporated green finance into the Bank's "15th Five-Year Plan"development strategy, explicitly elevating green finance to the top priority among its "1+3"moat business systems. Meanwhile, it formulated the Three-Year Action Plan for Green Finance(2026–2028), designating 2026, 2027 and 2028 as the "Year of System Breakthrough", "Year of Quality Deepening"and "Year of Innovation and Efficiency Enhancement"respectively, thus laying a solid institutional and strategic foundation for green finance work. Second, the Bank continued to improve its organisational structure. In 2026, all 18 branches of the Bank established green finance departments, forming a comprehensive green finance organisational management system. A five-tier green finance organisational framework was set up, covering the Board of Directors, senior management, head office, branches and sub-branches, ensuring effective transmission of the green finance strategy and solid implementation of business. Third, the Bank accelerated product innovation in terms of quality and volume. It continuously enhanced efficiency and enriched the "1+3+5+N"green finance product system, focusing on five key areas:marine industry, decarbonisation and transition, green transportation, ecological environment, and clean energy. The Bank successively launched products such as marine industry loans, green factory loans, low-carbon park loans and green transportation loans, and systematically established a green finance product portfolio comprising 32 main products and 14 sub-products. Fourth, the Bank empowered the development of the marine economy by iteratively upgrading marine industry loans, and constructed a "7+1+1"marine finance product system covering the entire industrial chain, so as to comprehensively meet the diversified financing needs of marine-related entities. This formed a "blue-green integration"financial support model and strengthened support for the marine economy. Fifth, the Bank actively integrated into the international network by joining international organisations such as the China-UK Green Finance Taskforce, and explored sustainable finance from multiple perspectives. In January 2026, the Bank was invited to attend the China-UK Business Forum, successfully joined the Shandong Green and Low-Carbon Development Association, and was invited to participate in the Beijing TNFD Seminar. By learning from advanced domestic and international experience, the Bank showcased its green finance development status in an all-round manner. Sixth,

VIII. BUSINESS DEVELOPMENT（CONT'D）

8.1 Corporate Banking（Cont'd）

(6) Green finance（Cont'd）

the Bank deepened research and empowerment through channel development. It conducted in-depth research on government-enterprise service provider models, substantiated non-financial services, and connected branch demands with third-party institutions to provide customised services. Centred on empowering frontline operations, the Bank formulated green finance operational guidelines, adopted systematic approaches, and explored the construction of scenario-based product models, achieving multiple breakthroughs in product innovation. Seventh, the Bank made every effort to promote green operations and accelerated the construction of green sub-branches and carbon-neutral outlets. Three municipal-level green sub-branches-Huancui Sub-branch, Rongcheng Sub-branch and the Head Office Business Department-were recognised as "Outstanding Green Sub-branches"of Weihai City. Wendeng Nanhai Sub-branch, Rushan Urban Sub-branch and Jingqu Sub-branch were newly designated as the third batch of green sub-branches in Weihai's banking sector, bringing the total number of municipal-level green sub-branches to six. Tianjin Binhai Sub-branch obtained a carbon neutrality certificate from the Tianjin Carbon Exchange, and the Bank's first "zero-carbon outlet"was completed and put into operation. As of the end of the Reporting Period, the Bank's balance of green loans amounted to RMB77,041 million, representing an increase of RMB20,831 million or 37.06% as compared with the beginning of the year.

(7) Technology finance

During the Reporting Period, in accordance with the requirements for technology finance, the Bank continued to deepen its presence in the technology finance sector. Leveraging digital and intelligent capabilities, it empowered the upgrade of its core business, focused on full-lifecycle financial services for sci-tech innovative enterprises, and continuously improved its technology finance product and risk control systems. Remaining committed to serving the real economy, the Bank directed its resources towards strategic emerging industries such as high-end manufacturing and new materials. By leveraging list-based precision marketing and dedicated technology finance products, it stepped up financial support for specialised and sophisticated SMEs and high-tech enterprises, and implemented multiple technology credit facilities and supporting integrated financial services. As a result, its business scale steadily expanded and asset quality remained sound. As of the end of the Reporting Period, the Bank's balance of loans to technology-driven enterprises was RMB22,817 million.

VIII. BUSINESS DEVELOPMENT(CONT'D)

8.2 Retail Business

During the Reporting Period, the Bank continued to deepen the transformation of its retail business. Driven by the initiatives of "strengthening technology empowerment and accelerating digital transformation", the Bank focused on core priorities including scale expansion, structural optimisation, efficiency enhancement and service experience upgrade. It promoted the shift of its retail business from a "product-driven"to a "customer-driven"model, continuously optimised its retail business organisational structure, strengthened customer base management, and enhanced the overall profitability and market competitiveness of its retail business, thereby achieving high-quality and rapid development in its retail business.

(1) Retail customers

The Bank adhered to the dual emphasis on "expanding scale and optimising structure", deepened integrated channel acquisition through corporate-retail linkage and scenario-based customer acquisition, gradually established a full-lifecycle customer management system, refined its retail product system, strengthened technology empowerment, and built diversified marketing models to enhance customer stickiness and loyalty, thereby promoting simultaneous growth in both the retail customer base and AUM (Assets Under Management). The Bank continued to drive the comprehensive development of businesses including the distribution of wealth management products, insurance, funds, precious metals and others, deepened its private banking client operations, enriched its wealth product shelf, strengthened its wealth management capabilities for clients, and increased income from intermediary business. In addition, the Bank established a dedicated team for "business-technology integration", focused on leveraging the marketing management tools of its smart marketing platform, and built long-term and fundamental technology platform support for both external client marketing and maintenance and internal marketing management.

The Bank has a wide range of retail customers in Shandong Province and Tianjin. As of the end of the Reporting Period, the Bank had 5.287 million retails customers, and the assets retained by retail customers in the Bank increased by RMB21,340 million, or 9.51% as compared with the end of 2025. The Bank continued to strengthen the development of its wealth management system for high-net-worth clientele, enhanced the professional service capabilities of its private banking business, and deepened the full-lifecycle management of private banking clients through its "Prestige Club"brand activities. As of the end of the Reporting Period, the financial assets retained in the Bank by customers with personal financial assets of over RMB2,000,000 amounted to RMB40,272 million.

During the Reporting Period, the Bank continued to optimize customer rights and interests based on customer experience, developed a platform for mass marketing to promote the consignment of wealth management products, funds and insurance and other businesses, so as to achieve the complementary development through marketing diversified product portfolios. Meantime, the Bank continued to optimize a smart marketing platform to provide a basic and long-term support for the maintenance of customer marketing and the management of internal marketing.

VIII. BUSINESS DEVELOPMENT（CONT'D）

8.2 Retail Business（Cont'd）

(2) Elderly care finance

The Bank actively responded to the national strategic deployment on the development of the elderly care service industry, comprehensively stepped up financial support for the development of elderly care services, and actively explored new models for the development of elderly care finance business. First, in the first half of 2026, the Bank closely adhered to the objective of achieving full coverage of elderly-friendly service outlets, rigorously screened and approved a list of 13 certified elderly-friendly service outlets, and built regional benchmark service outlets by area. Meanwhile, it established green channels for elderly care services at physical outlets, opening a cumulative total of 75,400 accounts for customers aged 60 and above, and provided warm services such as consultation and guidance, appointment services, full-process accompaniment, assistance with form filling, and photocopying and printing to approximately 98,600 person-times for the elderly customer group, thereby laying a solid foundation for comprehensively upgrading the quality and efficiency of financial services for elderly customers. Second, the Bank strengthened its credit extension for elderly care, offering mortgage loans secured by real estate properties such as land use rights, properties and elderly care facilities, as well as pledge loans secured by rights such as accounts receivable, intellectual property rights and bed fee collection rights, to elderly care institutions and enterprises in the elderly care industry chain, thereby providing comprehensive support for the high-quality development of the silver economy. Third, the Bank continued to promote its "Elderly Care Marketplace"online platform, rigorously selecting quality merchants, and through the one-stop services of the "Elderly Care Marketplace"， effectively drove the transformation of elderly care financial services from the traditional single-point service model towards a scenario-based and ecosystem-oriented model. Fourth, the Bank continued to enhance its service standards for the elderly customer group. In the first half of the year, the Bank strengthened training on elderly care financial services, conducting systematic courses covering service management standards, communication skills with elderly customers, and elderly-friendly financial service standards, cultivating a group of "elderly-service stars"and comprehensively improving the professional service capabilities of frontline staff in serving the elderly.

(3) Personal deposit business

During the Reporting Period, the Bank regarded personal deposits as the cornerstone of its sound retail business operations and adopted a multi-pronged approach to promote steady growth in total personal deposits. It continuously strengthened cost control over personal deposits, aligned its product strategies with refined, differentiated and tiered approaches, deepened marketing efforts in key scenarios such as payroll direct deposit services, and continuously optimised the structure of personal deposits, thereby further consolidating its foundation. As of the end of the Reporting Period, the balance of the Bank's personal deposits reached RMB200,119 million, representing an increase of RMB19,889 million or 11.04% as compared with the end of 2025.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.2 Retail Business (Cont'd)

(4) Personal loan business

The Bank provides residential mortgage loans, personal business loans and personal consumption loans to retail banking customers.

Personal consumption loans

The Bank vigorously promoted a series of personal consumption loans under the brand name of 「Happy Consumption Loan」and featured revolving online personal loan product 「Quick e-Loan」to meet personal and family consumption needs. During the Reporting Period, under the premise of effective risk management and control, the Bank actively explored the online process of its personal consumption loan business to stably increase the scale of consumption loans. As of the end of the Reporting Period, the balance of personal consumption loans of the Bank amounted to RMB11,292 million.

Residential mortgage loans

During the Reporting Period, the Bank adhered to the positioning of 「houses are for living in, not for speculation」and implemented differentiated housing credit policies to support residents' reasonable housing needs and steadily developed individual residential mortgage loans. The Bank also introduced a retail rating model to assist in approval and decision-making, strengthened the risk prevention and control of mortgage business, and focused on marketing high-quality developers, high-quality properties and high-quality customers to promote the steady growth of residential mortgage business. As of the end of the Reporting Period, the balance of our residential mortgage loans amounted to RMB13,526 million.

Personal business loans

In terms of personal business loans, the Bank focused on the operating financing needs of individual industrial and commercial households, owners of small and micro enterprises, and farmers, by enriching its portfolio of specialised credit products. It launched scenario-based products such as New Energy Vessel Loans, and promoted featured products including Weiyin Easy Loan（威銀易貸）, Government Procurement Loans（政採貸）and Warehouse Receipt Pledge Loans（倉單質押貸）. At the same time, the Bank leveraged policy dividends by combining fiscal interest subsidies with its featured products in a coordinated manner, thereby improving the efficiency of policy transmission and enhancing customer service experience. As of the end of the Reporting Period, the balance of the Bank's personal business loans amounted to RMB10,695 million.

VIII. BUSINESS DEVELOPMENT（CONT'D）

8.2 Retail Business（Cont'd）

(4) Personal loan business（Cont'd）

Online loans

In order to improve the convenience of services, the Bank launched the online「Quick e-Loan（快e貸）」 product by using technology means. The product focuses on the establishment of full life-cycle and full-scenario online financial system, comprehensive digital risk control system and comprehensive business operation management system with complete autonomy and control, covering three major fields, namely government affairs and peoples' livelihood, consumer retail and supply chain. It realised scenario-based layout through accurate marketing, online and offline connectivity, and innovative breakthroughs in scenario-based ecological finance. The achievement of「one second for scanning code, one minute for customer input and one minute for system approval」has significantly promoted business process standardisation and enhanced customers' financial service experience. As of the end of the Reporting Period, the balance of「Quick e-Loan」was RMB11,664 million.

(5) Personal wealth management business

During the Reporting Period, the Bank provided customers with a series of products including「Steady Growth（穩健成長）」and「Happy Share of Earnings（快樂享盈）」. As of the end of the Reporting Period, the scale of the Bank's personal wealth management business reached RMB29,593 million, all of which were net-worth wealth management.

(6) Bank card business

Debit card business:During the Reporting Period, the Bank implemented a series of measures including optimising business processes, enriching the variety of debit card products, and enhancing cardholder benefits, thereby driving steady growth in debit card issuance. As of the end of the Reporting Period, the Bank issued a total of approximately 5,314,500 debit cards, representing an increase of approximately 132,300 cards, or 2.55% as compared with the end of 2025; During the Reporting Period, the total transaction volume of consumption through the Bank's debit cards was RMB1,865 million.

Credit card business:The Bank has established a tiered credit card product system tailored to the differentiated needs of various target customer groups. Based on applicants' credit ratings, the Bank offers three types of credit cards, namely, general cards, gold cards and platinum cards, each equipped with corresponding exclusive services and customised benefits to cater to the usage characteristics and consumption preferences of cardholders at each level. In addition to general credit card functions, the Bank's credit card business also provides cardholders with a variety of installment products and convenient installment repayment services, covering multiple scenarios such as vehicle purchase and daily consumer goods, so as to meet customers' diversified funding needs. While strengthening risk control, the Bank has actively promoted credit card market expansion, continuously optimised its business structure, and steadily advanced customer base deepening and refined management, maintaining overall stable business operations. As of the end of the Reporting Period, the Bank issued a total of approximately 230,500 credit cards.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.2 Retail Business (Cont'd)

(7) Personal electronic banking business

Personal mobile banking business:The Bank provides customers with round-the-clock mobile financial services through its mobile banking app, with functions including account inquiry, transfer and remittance, bill payment and top-up, investment and wealth management, fund collection, mobile cash withdrawal, and branch locator services. The current version of the mobile banking app leverages fintech to drive scenario-based and intelligent business offerings, continuously creating diversified value for users and delivering personalised, distinctive, intelligent and open mobile financial services. As of the end of the Reporting Period, the Bank had approximately 4.1818 million mobile banking users. During the Reporting Period, the total transaction value processed through the Bank's mobile banking platform amounted to RMB114,574 million.

Personal online banking business:The Bank provides retail financial services to individual customers through online banking, including account management, transfer and remittance, wealth management products, agency bill payment, and personal loans. The personal online banking platform has undergone comprehensive iterative upgrades, now supporting customised settings to offer a personalised experience for each user, with a new user interface design that delivers more refined and detailed pages, thereby enhancing customers' visual experience and ease of use, and further improving customer experience and refined management capabilities. As of the end of the Reporting Period, the Bank had a total of approximately 728,200 personal online banking customers, with a total transaction value of RMB15,713 million during the Reporting Period.

WeChat banking business:The Bank's WeChat official account (service account), launched in 2014, serves as an important link to maintain close contact with customers. After following the account, customers may enjoy a variety of services, including viewing bank account information, transfers between demand and time deposits, personal loan applications, credit card management, utility bill payments, branch location enquiries, interest rate enquiries, business reservations, and video banking. As of the end of the Reporting Period, the cumulative number of followers of the Bank's WeChat official account (service account) reached approximately 548,400.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.3 Financial Market Business

The Bank's financial market business leveraged its advantages of extensive outlet network and long-term penetration in local markets, and made intensive efforts in the treasury business, explored potential and innovated the interbank financial business, optimized the asset-liability structure, established a sound portfolio of investment products, and achieved continuous improvement in investment return.

(1) Proprietary investment

The Bank continued to optimize investment structure, reduced the proportion of investment and SPV investment, improved asset liquidity and supported the development of the real economy. As of the end of the Reporting Period, the Bank had financial investments with a carrying amount of RMB197,493 million, representing an increase of RMB9,780 million or 5.21% as compared to the end of 2025. The increase was mainly due to the moderate increase in the scale of bond investments in line with investment strategies and market trends, thereby enhancing the stability of overall returns from financial investment activities.

(2) Interbank business

The Bank actively utilized different types of interbank liabilities and reasonably matched their maturity structure, which effectively reduced the cost of interbank liabilities and also met the Bank's needs for liquidity management. Meanwhile, the Bank responded to regulatory guidance, paid attention to market movements and actively participated in market transactions. During the Reporting Period, the Bank's transaction volume in the national interbank market reached RMB3 trillion.

(3) Investment banking business

In recent years, the Bank has continuously expanded various underwriting business licenses, and promoted the development and product innovation of investment banking business. Leveraging on its extensive licenses and qualifications for underwriting business, the Bank continued to enhance its competitive edge in financial markets, established its service brand in debt capital markets, and provided customers with comprehensive financing solutions.

(4) Wealth management

Since 2011, the Bank's wealth management business has developed into a well-established, stable and distinctive brand with a stable customer base. Leveraging its extensive business network coverage, the Bank actively explores customers' demands, based on which, it designs flexible and tailor-made wealth management products and offers clients convenient asset management services on an ongoing basis. The Bank has implemented a diversified, cross-market investment strategy with a stable investment return and controllable risks.

During the Reporting Period, proceeds of RMB20,175 million were raised from the wealth management business (all of which were open-end products), and no products expired. The balance of the wealth management products as of the end of the Reporting Period was RMB30,713 million.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.4 Digital Development

During the Reporting Period, the Bank remained firmly anchored to its strategic focus on digital and intelligent transformation, closely followed regulatory policy guidelines, and maintained its positioning as a provider of local financial services. It concentrated on four key areas–the integration of business and technology, data governance and empowerment, the exploration and application of artificial intelligence, and the cultivation of specialised talent–steadily advancing all aspects of its work. Through a range of measures, the Bank stimulated the internal momentum for digital and intelligent transformation, using technology to empower and support the Bank's high-quality development, ensuring steady and sustainable progress.

We have deepened our commitment to the integration of business and technology and in-house R&D to enhance the quality and efficiency of project development whilst ensuring the autonomy and controllability of our systems. Leveraging the three core platforms–the credit middle office, the online lending platform and the data middle office–along with key systems such as financial management, smart marketing and collaborative office solutions, We have promoted joint business-technology innovation and agile iteration. This enabled us to continuously shorten R&D response cycles, improve project delivery quality, further strengthen our autonomous control over critical systems, and steadily consolidate the foundation for the Bank's autonomous and controllable technological development.

We have consolidated the foundations of data governance and security to unlock the value of data as a key resource and maximise the effectiveness of digital operations. Guided by data application needs, we have advanced the development of a data governance framework, established diverse data analysis use cases, and built a digital and intelligent data management system. By leveraging high-quality data to empower business analysis, marketing and customer acquisition, and risk prevention and control, we have effectively enhanced operational efficiency and the customer experience. We have strengthened data security management to ensure the secure and stable operation of data across the entire chain, thereby establishing a robust security defence for the in-depth application of data.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.4 Digital Development (Cont'd)

We have accelerated technological innovation and the implementation of use cases, deepening digital and intelligent empowerment and the creation of business value. We have rolled out AI-driven automation use cases at scale, reshaped end-to-end business processes across the Bank's seven major business lines, and fully realised the comprehensive value of cost reduction, quality improvement, efficiency enhancement and risk control; we have actively embraced artificial intelligence technology, explored "data + AI" application scenarios in the financial sector, and continuously advanced key initiatives such as the "One-Page Pre-Visit" system, customer relationship mapping and the AI knowledge base middle ground, thereby propelling the Bank's digital and intelligent transformation.

We have refined talent tracks and development systems to strengthen the foundations of the transformation support and technology teams. We have fully implemented the management mechanism for specialised technology talent tracks, selected key personnel from these tracks to be assigned to priority projects and critical systems, and led technical R&D and tackled key challenges. Using the iterative optimisation of platform-based systems as a pilot, we have continuously refined the management model for outsourced technology personnel, enhanced R&D response efficiency, consistently strengthened in-house R&D capabilities, and accelerated the development of a multidisciplinary and specialised technology talent pool.

8.5 Customer Service Management

The Bank has adhered to the principle of "customer orientation", and fully implemented the concept of "sincere service", continuously refining its end-to-end service management system and focusing its efforts on enhancing service quality and efficiency whilst optimising the customer experience. We have routinely broadened the scope of service inspections and increased the frequency of on-site checks, whilst organising service competitions to use competition as a means of training to consolidate the service skills of all staff; at the same time, we have continued to develop service scenarios at our branches that are convenient and respectful to the elderly, precisely tailoring our services to the financial needs of the older generation, and creating a warm and efficient financial service environment in every respect. The Bank has attached great importance to the protection of financial consumers' rights and interests. We have firmly upheld the political and people-centred nature of financial work, continuously reinforced our primary responsibility for consumer protection, improved closed-loop complaint management, and ensured the smooth operation of dedicated service hotlines across six major business areas. We have publicised complaint procedures and the president's reception arrangements via channels such as our official website, branches and mobile banking, and implemented the "first-point-of-contact" accountability system and time-limited resolution to respond swiftly to customer concerns. We have established a comprehensive, end-to-end control system comprising pre-transaction consumer protection reviews, real-time monitoring of complaints during

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.5 Customer Service Management (Cont'd)

transactions, and post-transaction root-cause analysis and review, thereby forming a closed-loop complaint management system. Relying on industry mediation, financial arbitration and judicial proceedings, we have established diverse dispute resolution channels to achieve the multifaceted resolution of financial disputes. We have regularly organised activities such as the "3 · 15 Publicity Campaign on Financial Consumer Rights Protection" and the "Campaign to Publicize Financial Knowledge", focusing on key demographic groups and covering topics such as anti-fraud measures, personal data protection and retirement finance to enhance the public's risk prevention literacy. We have strictly implemented requirements for the protection of customer information throughout its entire lifecycle, the disclosure of fees and fair trading practices, and routinely conducted specialised audits on consumer rights protection to comprehensively safeguard all legitimate consumer rights and interests.

Leveraging digital channels to extend our service reach, we have enhanced the sense of satisfaction with online services through video banking and intelligent customer service systems. The Bank has painstakingly developed a "seamless" intelligent remote service system, comprehensively upgrading the quality and efficiency of remote financial services to provide customers with an efficient and personalised contactless service experience. By utilising digital technologies such as OCR recognition, facial verification and high-speed audio-video coordination, we have established a secure, reliable, streamlined and efficient support system for remote financial services. In the first half of the year, the video banking centralised processing centre handled a cumulative total of 57,499 transactions, representing a year-on-year increase of 10.53%, with both operational efficiency and customer experience rising in tandem. For corporate clients, the platform has fully implemented key business scenarios such as remote verification of legal representatives' intent and online confirmation of supply chain financing. Since its launch, it has provided over 8,024 remote verification services to enterprises, putting the service philosophy of "letting data do the running so customers don't have to" into practice through digital means, thereby effectively empowering the real economy and optimising corporate financial service processes.

The Bank has continued to optimise its intelligent service ecosystem. The intelligent text chatbot "Xiao Wei (小威), trained on 19,000 data entries and a standard Q&A database of 1,200 entries, can achieve an ultra-fast response time of 1.5 seconds, with a consultation accuracy rate of 95%; intelligent outbound calling is widely applied across 40 high-frequency business scenarios, including notifications, business follow-ups and repayment reminders, with the highest daily call volume exceeding 15,000 calls; the intelligent navigation bot enables precise call routing, with a stable routing rate of 55%, responding swiftly to customer enquiries, reducing the costs associated with queuing for manual assistance, and enhancing service operational efficiency.

VIII. BUSINESS DEVELOPMENT (CONT'D)

8.6 Analysis of Subsidiary

We established Shandong Tongda Financial Leasing Co., Ltd. in June 2016, and became the first commercial bank in Shandong Province to initiate the establishment of a financial leasing company. The strong synergy between the businesses of Tongda Financial Leasing and the Bank has notably improved its ability to provide comprehensive financial services to customers. It has become the important forces of our "Broad Corporate Banking (大公司)" business segment. During the Reporting Period, Tongda Financial Leasing strived to support the development of the real economy, strengthen internal control and compliance management, and served customers in 23 provinces and cities across China, with its business covering public facilities management, urban public utilities, transportation and logistics, energy conservation and environmental protection, cultural tourism education, medical and health care, and business services.

As of the end of the Reporting Period, the registered capital of Tongda Financial Leasing was RMB1,650 million and it was registered in Jinan, Shandong. We held 54.55% equity interest in Tongda Financial Leasing, which is principally engaged in the provision of financial leasing solutions to customers, including direct lease, operating lease and sale-and-leaseback. During the Reporting Period, the operating income of Tongda Financial Leasing was RMB1,009 million, representing a year-on-year increase of 39.84%; net profit amounted to RMB381 million, representing a year-on-year increase of RMB97 million.

IX. CAPITAL MANAGEMENT

9.1 Capital Adequacy Ratio

We calculate our capital adequacy ratios in accordance with the Administrative Measures on the Capital of Commercial Banks (《商業銀行資本管理辦法》) issued by the NFRA and other relevant regulatory requirements. The scope of the calculation of capital adequacy ratios includes all of our branches and financial institutions in which we invest. Credit risk-weighted assets are measured using the weight method. The measurement of on-balance sheet risk-weighted assets is determined after taking into account the carrying amount of the assets, the weight and the qualified risk mitigation instruments. After the off-balance sheet exposure is converted into equivalent on-balance sheet assets according to the credit conversion factors, it is measured according to the treatment of on-balance sheet assets. Market risk-weighted assets are measured using the simplified standard method, and operational risk-weighted assets are measured using the basic indicator method. During the Reporting Period, we complied with the capital requirements stipulated by the regulatory authorities and there was no change in the measurement of capital.

We have established a comprehensive internal capital adequacy assessment procedure, covering system and process, governance structure, identification and assessment of major risks, stress test of capital adequacy ratio, capital planning, capital adequacy ratio management plan, monitoring and reporting. We conduct internal capital adequacy assessment at least once a year. During the Reporting Period, we continued to optimize the internal capital adequacy assessment framework, system process and design plan, and the assessment framework system was in line with the core regulatory requirements to ensure that major risks were fully identified, measured, monitored and reported. The capital level was in line with the risk appetite and risk management level faced by us. The capital planning was in line with the operating conditions, risk trends and long-term development strategies, and was adjusted and updated in a timely manner when there were material changes in the operating conditions, risk conditions and external environment. During the Reporting Period, there was no change in the corresponding relationship between regulatory capital items and balance sheet items.

IX. CAPITAL MANAGEMENT (CONT'D)

9.1 Capital Adequacy Ratio (Cont'd)

The following table sets forth, as of the dates indicated, information relating to our capital adequacy ratios calculated in accordance with the Administrative Measures on the Capital of Commercial Banks (《商業銀行資本管理辦法》) and PRC GAAP.

Unit: RMB million (except percentages)

	June 30, 2026	December 31, 2025
Core tier-one capital		
Share capital	**6,869.2**	5,980.1
Qualifying portion of capital reserve	**6,936.4**	7,356.9
Surplus reserve	**2,107.3**	2,107.3
General reserve	**5,543.5**	4,657.7
Other comprehensive income	**530.3**	277.4
Retained earnings	**6,693.7**	6,921.7
Qualifying portions of non-controlling interests	**1,499.2**	1,375.2
Total core tier-one capital	**30,179.6**	28,676.3
Core tier-one capital deductions	**(1,285.9)**	(1,365.5)
Net core tier-one capital	**28,893.7**	27,310.8
Other tier-one capital	**6,199.0**	6,182.4
Net tier-one capital	**35,092.7**	33,493.2
Tier-two capital	**9,044.8**	8,159.0
Total net capital	**44,137.5**	41,652.2
Total risk-weighted assets	**338,964.2**	308,869.2
Including: Total credit risk-weighted assets	**319,551.7**	289,525.5
Total market risk-weighted assets	**3,897.4**	3,828.6
Total operational risk-weighted assets	**15,515.1**	15,515.1
Core tier-one capital adequacy ratio	**8.52%**	8.84%
Tier-one capital adequacy ratio	**10.35%**	10.84%
Capital adequacy ratio	**13.02%**	13.49%

IX. CAPITAL MANAGEMENT (CONT'D)

9.2 Leverage Ratio Analysis

Pursuant to the requirements of the Administrative Measures on the Capital of Commercial Banks (《商業銀行資本管理辦法》) effective on January 1, 2024, a minimum leverage ratio of 4% is required for commercial banks. As of the end of the Reporting Period, our leverage ratio was 5.72%, which was higher than the regulatory requirements. The following table sets forth the relevant leverage ratios as of the dates indicated.

Unit: RMB million (except percentages)

	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Leverage ratio	**5.72%**	5.87%	5.89%	5.47%
Net tier-one capital	**35,092.7**	34,806.5	33,493.2	30,850.1
Balance of on- and off-balance sheet assets after adjustment	**613,746.7**	593,089.6	568,795.5	564,484.4

Please refer to the Pillar 3 Information Disclosure Report for the first half of 2026 issued by the Bank for further information on capital measurement and leverage ratio.

X. RISK MANAGEMENT

10.1 Organizational Structure and Management Functions of Risk Management System

The Bank's risk management follows the principles of comprehensive risk management, vertical management, linkage and checks and balances, professionalized management, and correlation between authority, responsibilities and rights. It establishes a centralized and vertical risk management system in respect of all risk types including credit risk, market risk, operational risk, liquidity risk, bank account interest rate risk, information technology risk, strategic risk, reputational risk, concentration risk, legal risk, compliance risk and money laundering and terrorist financing risk through the implementation of comprehensive risk management, in order to regulate the interactions among the front, middle and back offices and promote the sustainable and healthy development of the Bank's business.

The Board of Directors of the Bank undertakes the ultimate responsibility for comprehensive risk management, and the senior management undertakes the responsibility for the implementation of comprehensive risk management. The Board of Directors, the senior management and their respective special committees, the main risk management departments of the headquarters and the risk management departments of the branches, constitute the basic organizational structure of the Bank's risk management.

During the Reporting Period, there was no change in the organizational structure and management functions of the Bank's risk management system, objectives and processes of various risk management, which was consistent with the disclosure in the 2025 annual report of the Bank.

X. RISK MANAGEMENT (CONT'D)

10.2 Credit Risk

Credit risk is the risk of potential loss by the Bank arising from the failure of a debtor or counterparty to perform its contractual agreement.

During the Reporting Period, the Bank established a scientific and applicable credit risk management system with clear categorization and comprehensive coverage, to consolidate the foundation for sound development. The Bank also established a series of policies on credit authorization, industries, regions, customers, and products, etc., which were in line with the credit risk policy and management system in terms of the Bank's development strategies and risk preferences. In addition, the Bank developed credit risk management systems and measures on areas including credit approval, limit management, internal rating, credit authorization, credit management, collateral management, post-loan management, and disposal and written-off, so as to ensure that all risk management activities are traceable. The Bank continued to streamline and improve the specific management measures and operation specifications of each business, product, customer operation from each department and business line, so as to ensure the credit risk management policies and systems are thoroughly implemented. Specific risk management and control measures included: firstly, the Bank continued to improve its differentiated credit access policy, established a long-term management mechanism for orderly entry and exit, and strengthened the rigid constraints of the system; secondly, the Bank strengthened its efforts in early risk warning and monitoring, improved the standardized closed-loop management mechanism for early warning, optimized the management of the whole process from early warning report, response, handling to tracking, and effectively implemented the management requirements of "early detection, early warning, and early treatment"; thirdly, leveraging digital transformation, the Bank improved technology empowerment, enhanced the systems to manage the whole process of credit risk management and control and established dual defense lines controlled by human and machine, so as to continuously improve the quality and efficiency of the risk management and control.

10.3 Market Risk

Market risk is the risk of loss to our on- and off-balance sheet businesses arising from movements in market prices. The major types of market risk the Bank are exposed to include interest rate risk and exchange rate risk.

During the Reporting Period, the Bank mainly adopted the following measures to strengthen market risk management: firstly, it continuously improved the market risk management policy, system and workflow, and continuously enhanced the construction of market risk management system. Secondly, it continuously identified, measured, monitored and controlled market risks, fully considered factors such as regulatory dynamics, macro-environment and business development status, set up limit on risks, and continuously monitored the implementation of the limits as well as market risk public opinion, so as to control the market risk assumed by the Bank within a tolerable and reasonable range.

X. RISK MANAGEMENT (CONT'D)

10.4 Operational Risk

Operational risk is the risk of loss arising from identified problems of internal procedures, personnel and information technology systems, as well as external events.

During the Reporting Period, the Bank fully implemented the regulatory requirements on operational risk prevention and improved the operational risk management system to ensure safe and stable operations. Firstly, the Bank has strengthened the capability of risk identification and assessment. The Bank has conducted monitoring and analysis of operational and compliance risks as well as risk screening for cases involving criminal offences on a quarterly basis to identify key management indicators, critical operational processes and significant risk areas, thereby reinforcing accountability for risk management. Secondly, the Bank has refined risk control measures. The Bank has established and refined a mechanism for communicating operational risk appetite, clarified risk appetite targets, optimised risk limit indicators and carried out stress tests, thereby keeping operational risk losses within the Bank's risk tolerance limits. Thirdly, the Bank has deepened the development of management capabilities. Focusing on key areas such as new products and new business lines, the Bank has shifted the focus to earlier stages to strengthen "pre-emptive prevention and control" of operational risk; and strengthened the management of staff conduct, established a case study resource platform, and routinely conducted warning education for staff, using cases as lessons to promote prevention, thereby continuously enhancing staff awareness and capabilities in risk prevention and control. During the Reporting Period, the Bank had no material operational risk loss event.

10.5 Liquidity Risk

Liquidity risk is the risk of failure to obtain sufficient funds in a timely manner or at a reasonable cost to fulfill payment obligations when due.

During the Reporting Period, in accordance with the requirements that "liquidity risk follows market movements closely", the Bank paid close attention to market liquidity changes, made early deployment and timely adjustments to liquidity management measures based on changes in its assets and liabilities business and liquidity gap, and reasonably adjusted the maturity structure of assets and liabilities to ensure that liquidity risk is safe and controllable. The Bank strengthened liquidity risk management in the following aspects: Firstly, the Bank strengthened the analysis of market conditions. The Bank paid close attention to the impacts of macro monetary policies and external market changes on liquidity risk, adjusted the scale of assets and liabilities and maturity structure in a dynamic and timely manner with the changes in the Bank's business taken into account, and responded to changes in liquidity risk situation actively and effectively. Secondly, strengthening daily monitoring of liquidity. In accordance with the requirements of "monthly planning, ten-day monitoring, weekly scheduling and daily reporting", the Bank dynamically monitored the position limits and cash flow conditions, monitored daytime large transactions in real time, increased reserves of high-quality liquid assets, and adjusted reserve funds in a timely manner according to business changes through the liquidity risk management system, so as to ensure the safety of daytime fund payment. Thirdly, enhancing asset-liability matching management. The Bank reinforced proactive liability management based on asset-side business placements, increased the utilization of central bank re-lending and re-discount funds, continuously optimized the liability structure, actively promoted the issuance of long-term financial bonds and exercised reasonable control over the scale and proportion of interbank liabilities, ensuring a dynamic balance between liquidity safety and business development. The Bank has dynamically monitored and analyzed the liquidity limit indicators and business changes, optimized and adjusted business structure, so as to ensure the various liquidity indicators at a reasonable level. Fifthly, strengthening emergency management of liquidity risks. The Bank has sorted out the liquidity risk emergency management system and process regularly, carried out the liquidity risk stress tests quarterly, and added special stress tests in response to changes in the external market environment, so as to fully assess the impact of various risks on its on- and off-balance sheet businesses and improve the applicability and effectiveness of stress tests.

During the Reporting Period, various liquidity indicators of the Bank met regulatory requirements and the requirements of the Board of Directors for liquidity risk management control.

X. RISK MANAGEMENT (CONT'D)

10.6 Bank Account Interest Rate Risk

Bank account interest rate risk is the risk of loss on the overall income and economic value of a bank account arising from adverse movements in elements such as interest rate and maturity structure.

During the Reporting Period, the Bank mainly adopted the following measures to enhance bank account interest rate risk management: Firstly, the Bank strengthened limit management continuously. On the basis of integrated analysis of business structure and interest rate risk, the Bank set the limit indicators for bank account interest rate risk in 2026 and monitored the implementation of limits regularly. Secondly, the Bank regularly measured and analysed the bank account interest rate risk by means of interest rate sensitivity analysis, stress test and others, put forward management recommendations and business adjustment strategies according to analysis and test results, which are used as guidelines for its business development. In the process of sensitivity analysis, it is assumed that there is a parallel shift in the overall market interest rate, while the risk management activities that may be taken to reduce interest rate risks are not considered.

The following table sets forth the sensitivity analysis of the Group's net interest income and equity to possible interest rate changes with other variables remaining constant:

Unit: RMB million

	June 30, 2026		December 31, 2025	
	Net interest income	**Equity**	Net interest income	Equity
Increased by 25 basis points	**(235.2)**	**(924.7)**	(149.3)	(769.5)
Decreased by 25 basis points	**235.2**	**940.5**	149.3	782.0

10.7 Information Technology Risk

Information technology risks include operational risk, legal risk, reputational risk and other types of risks caused by natural factors, human errors, technical loopholes and management failure arising from the use of information technology.

During the Reporting Period, the Bank continued to refine its information technology risk prevention and control framework, improved its information technology risk prevention and control capabilities, and ensured the stable operation of all the businesses of the Bank. Firstly, strengthening the safety guarantee for the system to fortify our information technology defences. The Bank continuously optimised operational and maintenance support mechanisms, optimised the performance of information systems, and intensified the maintenance, updating, and monitoring of information systems to ensure the safe and stable operation of all systems of the Bank. Secondly, deepening the risk management and control mechanisms to improve the effectiveness of risk governance. The Bank strictly implemented the "comprehensive screening + specialised inspection" working mechanism, carried out risk monitoring and assessment on a routine basis, effectively identified risk vulnerabilities, and implemented closed-loop management of rectification measures. Thirdly, refining the business continuity framework to enhance emergency response capabilities. The Bank regularly conducted disaster recovery switchover drills involving the actual takeover of business operations and continuously expanded the scope of drill scenarios; and further refined the overall emergency response plan and specialised contingency plans, thereby continuously improving our emergency response capabilities. Fourthly, enhancing the management of technology outsourcing to enhance risk prevention and control capabilities. The Bank reinforced accountability for outsourcing security, strictly enforced service provider accreditation, day-to-day oversight and performance evaluation, routinely identified technical vulnerabilities in outsourced systems as well as network and data security risks, and continuously supervised the implementation of corrective measures.

X. RISK MANAGEMENT (CONT'D)

10.8 Strategic Risk

Strategic risk is the risk arising from inappropriate business strategies or changes in the external operating environment.

During the Reporting Period, the Bank comprehensively summarized and evaluated the implementation of the 2025 strategic plan, and drew up the 2025 Development Strategy Assessment Report, which was reviewed and approved by the Board. At the same time, the Bank constantly followed the changes in the external operating environment, systematically identified and evaluated potential strategic risks, scientifically planned the Bank's strategic direction for the "15th Five-Year Plan" period, regularly reported the management of strategic risks, and timely adjusted and optimized strategies and measures to ensure the effective implementation of the Bank's development strategies.

10.9 Reputational Risk

Reputational risk refers to the risk of negative comments on the Bank from stakeholders, the public and the media due to the actions of operation, management and employees or external events, which may damage the brand value of the Bank, adversely affect the normal operation of the Bank, and even affect market stability and social stability.

During the Reporting Period, the Bank attached great importance to its reputation and kept enhancing its management process on reputational risk. The Bank also established an organisational framework for reputational risk management that covers headquarters, branch and sub-branch levels, and established a team comprising leaders from the headquarters and related branches and persons in-charge of various departments to deal with reputational risk incidents. A 7*24 hours reputational risk monitoring mechanism was established to monitor, identify, report, control and assess its reputational risk, so that the headquarters can promptly take appropriate actions upon the occurrence of material reputational risk incidents, minimising any loss and negative impact which the Bank may suffer due to such incidents. In addition, the Bank proactively utilised press communications and publication channels to promote its positive image and corporate values. Meanwhile, the Bank also proactively collected, organised and analysed information in relation to its reputation through newspapers, television, online media and other channels. During the Reporting Period, the Bank had no significant reputational risk incidents, and the reputational risk was within controllable range.

10.10 Concentration Risk

Concentration risk refers to the risk exposure that arises directly or indirectly from the same or similar risk exceeding a certain percentage of net capital.

The Bank has established a concentration risk management system and process based on the scale and complexity of its business to effectively identify, measure, monitor and report concentration risks. During the Reporting Period, the Bank conducted stress tests on concentration risks to effectively identify and address potential risks; and continuously managed and controlled limits for concentration risks and ensured that concentration limits were followed effectively by formulating annual risk appetite, adjusting entry and exit criteria and implementing list-based management. During the Reporting Period, the indicators related to concentration risk management and large risk exposure management of the Bank all complied with regulatory requirements.

X. RISK MANAGEMENT (CONT'D)

10.11 Compliance Risk

Compliance risk refers to the risk of being subject to legal sanctions, regulatory penalties, significant financial losses and reputational losses as a result of failure to comply with laws, rules and standards.

During the Reporting Period, the Bank attached great importance to building a compliance culture, and continued to improve the mechanism for compliance risk management to enhance its compliance risk management. Firstly, the Bank advanced the "Year of Further Enhancing Compliance Efforts (合規鬥爭再提升年)" initiative, coordinating the implementation of the plan, conducting training on compliance regulations and organising competitions to comprehensively improve staff's ability to fulfil their compliance duties. Secondly, the Bank optimised the internal control management system by consistently carrying out online reviews and periodic assessments of regulations, whilst strictly adhering to the procedures for the "establishment, amendment and repeal" of regulations; and refined the "zero tolerance" and "zero incidence" issue lists, as well as the "Five-Point" regulatory inspection criteria, conducted rigorous compliance reviews of third-party partner organisations, and continued to strengthen the long-term mechanism of "managing people through regulations and managing affairs through processes". Thirdly, the Bank strengthened risk management and control by implementing the special campaign to enhance compliance management and the two-year initiative to enhance internal controls and risk management, whilst conducting case-based warning education; and deepened industry self-regulation by implementing the requirements of the self-regulatory code of conduct for standardising competitive behaviour, advancing the governance of illegal intermediaries, and further reinforcing the "bottom-line thinking" and "red-line awareness" of all staff, thereby fostering a compliance culture where violations are discouraged, prevented and disincentivized.

10.12 Money Laundering and Terrorist Financing Risk

Money laundering risk refers to the risk of exposure to the use of illegal and criminal activities such as money laundering and terrorist financing in the process of business operation and management.

During the Reporting Period, the Bank earnestly implemented anti-money laundering regulatory policies and work requirements, continuously improved its anti-money laundering internal control measures, optimized the anti-money laundering monitoring system and conducted risk self-assessment on money laundering, terrorist financing and the circumvention of targeted financial sanctions against proliferation. The Bank actively fulfilled the obligations of customer's due diligence and preservation of customer identity information and transaction records, strengthened the assessment of money laundering risks of business and products, effectively incorporated anti-money laundering requirements into business processes and systems, improved the technical support ability of the anti-money laundering monitoring system, continuously improved the accuracy of identification of suspicious customers and the quality and efficiency of suspicious monitoring and analysis, submitted reports on large and suspicious transactions as required, and strengthened anti-money laundering training, publicity and inspection to effectively prevent various money laundering risks. During the Reporting Period, no institutions and employees of the Bank were identified to be involved in or suspected of money laundering and terrorist financing activities.

X. RISK MANAGEMENT (CONT'D)

10.13 Legal Risk

Legal risks include but are not limited to the following risks: the contracts signed possibly being legally revoked or confirmed invalid due to violation of laws or administrative regulations; legal liability for compensation arising from being sued or applied for arbitration due to breach of contract, infringement or other reasons; administrative liabilities or criminal liabilities arising from business activities in violation of laws or administrative regulations.

During the Reporting Period, the Bank strictly managed the legal work in accordance with rules and regulations, and continued to improve the quality of legal work. Firstly, the Bank strengthened the identification, analysis and evaluation of and response to legal risks, and the prevention and control of legal risks. Secondly, the Bank achieved online review of legal documents, improved the legal risk management framework system and enhanced the quality and efficiency of legal services. Thirdly, the Bank strengthened the supervision and assessment of services provided by law firms and standardized the management of legal affairs. Fourthly, the Bank provided employees with special training on new laws and regulations to broaden their legal knowledge. The Bank has always followed the principle of legal efficiency, unified standardization, division of work and cooperation, and hierarchical responsibility, integrated the management and prevention of legal risks with other risk management activities, improved the legal risk prevention and control mechanism, and promoted legal operation.

XI. FUTURE PROSPECTS

11.1 Analysis of the Operating Situation in the Second Half of the Year

Looking ahead to the second half of the year, the international environment will become more complex and volatile, with frequent occurrences of geopolitical conflicts and trade frictions; economic performance across major economies will diverge, and there remains uncertainty regarding inflation trends. China will adhere to the general principle of seeking progress whilst maintaining stability, fully, accurately and comprehensively implement the new development philosophy, accelerate the establishment of a new development paradigm, better coordinate the domestic and international situations, balance development and security, persist in deepening reform and opening up, accelerate the transition from old to new growth drivers, implement a more proactive fiscal policy and a moderately accommodative monetary policy, give full play to the effectiveness of existing policies, intensify counter-cyclical adjustments, redouble efforts to expand domestic demand and optimise supply, effectively safeguard and improve people's livelihoods, enhance the momentum for development, stimulate social vitality, and drive the economy towards sustained, new, high-quality and positive development. The People's Bank of China will continue to implement a moderately accommodative monetary policy effectively; based on domestic and international economic and financial conditions and the operation of financial markets, it will carefully calibrate the intensity, pace and timing of monetary policy implementation, intensify counter-cyclical and cross-cyclical adjustments, focus on expanding domestic demand and optimising supply, enhance the endogenous momentum of economic development, continuously consolidate and expand the momentum of a stable and improving economy, and effectively support a strong start to the 15th Five-Year Plan.

XI. FUTURE PROSPECTS (CONT'D)

11.1 Analysis of the Operating Situation in the Second Half of the Year (Cont'd)

In the second half of the year, Shandong Province will make concerted efforts to prioritise the stable operation of the industrial economy, stabilising sectors under pressure through a "one-policy-per-enterprise" approach, concentrating resources on expanding growth sectors, and actively promoting industrial optimisation and upgrading. It will fully unleash the potential for expanding capacity and improving quality in the service sector, stabilising the operation of key sectors through a "one-policy-per-enterprise" approach, precisely targeting enterprise development, taking multiple measures to continuously boost consumption, actively cultivating new growth points, and further enhancing the service sector's role as the primary driver of growth. Efforts will be made to halt the decline in investment and restore stability, with full commitment to stabilising investment in key sectors, effectively boosting corporate confidence in investment, accelerating the construction of key projects, strengthening the supply of production factors, and expediting the generation of further investment growth. Every effort will be made to maintain the momentum of steady and healthy economic and social development, thereby making greater contributions to the national agenda.

11.2 Major Work Measures for the Second Half of the Year

In the second half of the year and some time to come, we will uphold the guiding role of Party building, keep abreast of situations and changes, implement policies, uphold the "customer-centric, market-oriented and striver-based" principle, and focus on the following five areas.

(1) **To consolidate the foundations for high-quality development through a refined strategic layout.** In accordance with the requirements of the 15th Five-Year Plan, we will focus on our "1+3" distinctive business lines to continuously strengthen top-level design, optimise institutional mechanisms and cultivate specialist teams, thereby forging a "moat" that underpins our Bank's differentiated, distinctive and high-quality development.

(2) **To stimulate the momentum for high-quality development through refined marketing.** Adhering to the "four transformations" direction and the mission to build "a first-class city commercial bank", the Bank will carry out in-depth "comparing, learning, catching up, helping and surpassing" activities, and "leverage performance assessment" as a guiding force to continually ignite the passion for hardwork and entrepreneurship across the Bank. Taking non-financial services as our starting point, comprehensive operations as our objective, and channel development as our priority, we will fully explore clients' financial needs across their entire lifecycle, provide them with comprehensive service packages, and enhance client contribution.

XI. FUTURE PROSPECTS (CONT'D)

11.2 Major Work Measures for the Second Half of the Year (Cont'd)

(3) **To enhance the quality and efficiency of high-quality development through refined operations.** Adhering to the principle that "Head Office serves branches, back- and middle-office functions serve the front office, and the entire bank serves customers", we are committed to building a "service-oriented" Head Office characterised by high efficiency, strong coordination, rapid responsiveness and robust support, thereby fostering an operational ecosystem that is vertically integrated, front-to-back interconnected and highly synergistic.

(4) **To safeguard the bottom line of high-quality development through refined risk management.** We shall adhere to prudent operations and prioritise compliance, firmly establishing a risk culture characterised by "independence, integrity, transparency and trustworthiness". We shall strictly guard against all types of operational and ethical risks, resolutely uphold the bottom line of preventing major risks, and ensure the Bank's operations remain stable and sustainable in the long term.

(5) **To build a high-quality workforce through meticulous talent development.** We will continue to foster a recruitment culture that prioritises merit and rewards achievement, refine mechanisms for talent succession planning, and increase efforts to promote and utilise young talent, thereby building a stable, loyal and highly capable workforce.

CHAPTER 2 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

As of the end of the Reporting Period, the total issued shares of the Bank were 6,869,188,513 shares, including 5,710,327,513 Domestic Shares and 1,158,861,000 H Shares.

	June 30, 2026		Changes during the Reporting Period	December 31, 2025	
	Number of shares (Shares)	**Percentage of total shares (%)**	Number of shares (Shares)	Number of shares (Shares)	Percentage of total shares (%)
Domestic state shares	**919,671,509**	**13.39**	–	919,671,509	15.38
Domestic state-owned legal person shares	**3,949,849,021**	**57.50**	739,130,169	3,210,718,852	53.69
Domestic social legal person shares	**756,870,026**	**11.02**	(1,813,966)	758,683,992	12.69
Domestic natural person shares	**83,936,957**	**1.22**	1,813,966	82,122,991	1.37
H Shares	**1,158,861,000**	**16.87**	150,000,000	1,008,861,000	16.87
Total number of Shares	**6,869,188,513**	**100.00**	889,130,169	5,980,058,344	100.00

1.1 Explanation of Changes in Ordinary Shares

In order to enhance the Bank's capital adequacy ratio, ensure that it meets regulatory requirements, safeguard the steady growth of all business operations, and effectively support the development of the real economy, the Bank completed the issue of Domestic Shares and H Shares under specific mandate on June 23, 2026. The subscribers were Shandong Hi-Speed Group Company, Shandong Hi-Speed, Weihai Caixin Asset Operation Co., Ltd. and Heng Yuan Holdings Limited. Shandong Hi-Speed Group Company is the controlling Shareholder of the Bank, whilst Shandong Hi-Speed is a substantial Shareholder; Shandong Hi-Speed Group Company holds a total of approximately 47.16% of the Bank's Shares. Shandong Hi-Speed Group, Shandong Hi-Speed and their associates are all connected persons of the Bank; consequently, the subscription of Domestic Shares by Shandong Hi-Speed Group and Shandong Hi-Speed constitutes a connected transaction of the Bank under Chapter 14A of the Hong Kong Listing Rules. Weihai Caixin Asset Operation Co., Ltd. and Heng Yuan Holdings Limited are independent third parties of the Bank. In respect of the Domestic Shares, the Bank has issued a total of 739,130,169 Domestic Shares to Shandong Hi-Speed Group, Shandong Hi-Speed and Weihai Caixin Asset Operation Co., Ltd. at an issue price of RMB3.29 per share (of which 316,134,362 shares were issued to Shandong Hi-Speed Group Company, 103,179,425 shares to Shandong Hi-Speed, 319,816,382 shares to Weihai Caixin Asset Operation Co., Ltd.). On the date on which the domestic share subscription agreement was entered into with Shandong Hi-Speed Group and Shandong Hi-Speed (i.e. 1 September 2025), the closing price of the Bank's H Shares on the Hong Kong Stock Exchange on the last trading day immediately preceding that date was HK$2.92 per share; on the date of entering into the domestic share subscription agreement with Weihai Caixin Asset Operation Co., Ltd. (i.e. 24 December

I. CHANGES IN SHARE CAPITAL (CONT'D)

1.1 Explanation of Changes in Ordinary Shares (Cont'd)

2025), the closing price of the Bank's H shares on the Hong Kong Stock Exchange on the last trading day immediately preceding the date of that agreement was HK$3.07 per share. In respect of the H shares, the Bank issued 150,000,000 H Shares to Heng Yuan Holdings Limited at an issue price of RMB3.29 per share (equivalent to HK$3.61). On the date of the H Share subscription agreement with Heng Yuan Holdings Limited (i.e. 14 June 2026), the closing price of the Bank's H Shares on the Hong Kong Stock Exchange on the last trading day immediately preceding the date of that agreement was HK$2.86 per share.

The net proceeds raised from the issue of Domestic Shares and H Shares after deducting related issuance costs is approximately RMB2,903 million (equivalent to HK$3,338 million), which were entirely used to replenish core tier-one capital of the Bank, in accordance with the intended use previously disclosed by the Bank in the relevant announcements and circulars, with no material changes or delays. Immediately after the completion of the issuance, the registered capital of the Bank was increased to RMB6,869,188,513, and the total number of the Bank's Shares was increased from 5,980,058,344 to 6,869,188,513 Shares, including 5,710,327,513 Domestic Shares and 1,158,861,000 H Shares.

For further details, please refer to the Bank's announcements dated July 31, 2025, September 1, 2025, December 21, 2025, December 24, 2025, June 14, 2026 and June 23, 2026, as well as the circular dated September 14, 2025.

1.2 Impact of the Change

During the Reporting Period, the Bank issued a total of 889,130,169 Shares (comprising 739,130,169 Domestic Shares and 150,000,000 H Shares). This change has resulted in an increase in the Bank's total share capital and net assets, and has had a dilutive effect on earnings per share and net assets per share.

II. INFORMATION ON SHAREHOLDERS

2.1 Total Number of Holders of Domestic Shares

As of the end of the Reporting Period, the total number of holders of Domestic Shares of the Bank was 1,042.

II. INFORMATION ON SHAREHOLDERS (CONT'D)

2.2 Particulars of the Top Ten Shareholders of Domestic Shares

No.	Name of shareholders	Shareholder nature	Total number of shares held as at the end of the Reporting Period (shares)	Percentage of total shares as at the end of the Reporting Period (%)	Pledging or freezing status of shares	Number
1	Shandong Hi-Speed Group Company	State-owned legal person shares	2,442,371,890	35.56	Normal	–
2	Weihai Municipal Finance Bureau	State-owned shares	919,671,509	13.39	Normal	–
3	Shandong Hi-Speed	State-owned legal person shares	797,137,412	11.60	Normal	–
4	Weihai Caixin Asset Operation Co., Ltd.	State-owned legal person shares	320,816,382	4.67	Normal	
5	China National Heavy Duty Truck Group Co., Ltd.	State-owned legal person shares	243,084,607	3.54	Normal	–
6	Weihai Tian'an Real Estate Development Co., Ltd.	Social legal person shares	136,570,491	1.99	Normal	–
7	Shandong Gold Non-ferrous Metal Mine Group Co., Ltd.	State-owned legal person shares	90,185,970	1.31	Normal	–
8	Shandong Weihai Huanqiu Fishing Tackle Industrial Co., Ltd.	Social legal person shares	83,157,762	1.21	Normal	–
9	Shandong Homey Aquatic Development Co., Ltd.	Social legal person shares	71,463,546	1.04	Normal	–
10	Shandong Tianxicheng Enterprise Management Co., Ltd.	Social legal person shares	63,270,095	0.92	Normal	–

II. INFORMATION ON SHAREHOLDERS (CONT'D)

2.3 Interests and Short Positions in Hong Kong in Accordance with the SFO

As of the end of the Reporting Period, pursuant to the register maintained by the Bank under Section 336 of the SFO, and to the best knowledge of the Bank, the following persons (other than the Bank's Directors and chief executive) had or were deemed or taken to have interests and/or short positions in the Shares or underlying Shares of the Bank which would fall to be disclosed to the Bank and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 5% or more of the nominal value of any class of shares of the Bank carrying rights to vote in all circumstances at general meetings of any other member of the Bank:

Name of shareholders	Class of shares	Nature of interest	Number of shares directly or indirectly held (Shares)	Long position/ short position	Approximate % of interest in the Bank (%)	Approximate % of the relevant class of shares of the Bank (%)
Shandong Hi-Speed Group Company [1]	Domestic shares	Beneficial owner and interest in controlled corporation	3,239,509,302	Long position	47.16	56.73
Weihai Municipal Finance Bureau	Domestic shares	Beneficial owner	919,671,509	Long position	13.39	16.11
Shandong Hi-Speed [1]	Domestic shares	Beneficial owner	797,137,412	Long position	11.60	13.96
Weihai Caixin Asset Operation Co., Ltd.	Domestic shares	Beneficial owner	320,816,382	Long position	4.67	5.62
China Hongqiao Group Limited	H shares	Beneficial owner	263,545,000	Long position	3.84	22.74
Heze City Investment Holdings Group Co., Ltd. [2]	H shares	Interest in controlled corporation	139,594,000	Long position	2.03	12.05
Heze City Investment Holdings Hong Kong International Co., Limited [2]	H shares	Beneficial owner	139,594,000	Long position	2.03	12.05
Shenzhen Shengqiu Investment Co., Ltd.	H shares	Beneficial owner	137,305,000	Long position	2.00	11.85
Heng Yuan Holdings Limited [3]	H shares	Beneficial owner	150,000,000	Long position	2.18	12.94
Shandong Hengyuan Petrochemical Co., Ltd.* (山東恒源石油化工股份有限公司) [3]	H shares	Interest in controlled corporation	150,000,000	Long position	2.18	12.94

II. INFORMATION ON SHAREHOLDERS (CONT'D)

2.3 Interests and Short Positions in Hong Kong in Accordance with the SFO (Cont'd)

Name of shareholders	Class of shares	Nature of interest	Number of shares directly or indirectly held (Shares)	Long position/ short position	Approximate % of interest in the Bank (%)	Approximate % of the relevant class of shares of the Bank (%)
Shandong Hengyuan Petrochemical Group Co., Ltd. (3)	H shares	Interest in controlled corporation	150,000,000	Long position	2.18	12.94
TEDA Investment Holding Co., Ltd.	H shares	Beneficial owner	113,940,000	Long position	1.66	9.83
Tianjin TEDA Industrial Group Co., Ltd. (天津泰達實業集團有限公司) (4)	H shares	Interest in controlled corporation	113,940,000	Long position	1.66	9.83
Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海國有資產經營管理有限公司) (4)	H shares	Interest in controlled corporation	113,940,000	Long position	1.66	9.83
Tsinlien Group Company Limited (津聯集團有限公司) (4)	H shares	Beneficial owner	113,940,000	Long position	1.66	9.83
Jinan Licheng Holdings Group Co., Ltd.	H shares	Beneficial owner	111,852,000	Long position	1.63	9.65
Shandong Lulong Construction Co., Ltd. (5)	H shares	Beneficial owner	71,003,000	Long position	1.03	6.13
YANG Shulan (5)	H shares	Interest in controlled corporation	71,003,000	Long position	1.03	6.13

II. INFORMATION ON SHAREHOLDERS (CONT'D)

2.3 Interests and Short Positions in Hong Kong in Accordance with the SFO (Cont'd)

Name of shareholders	Class of shares	Nature of interest	Number of shares directly or indirectly held (Shares)	Long position/ short position	Approximate % of interest in the Bank (%)	Approximate % of the relevant class of shares of the Bank (%)
Xindu Group Limited (5)	H shares	Interest in controlled corporation	71,003,000	Long position	1.03	6.13
Sparky International Company Limited (斯派柯國際有限公司) (6)	H shares	Beneficial owner	68,712,000	Long position	1.00	5.93
Shandong Zhaojin Group Company Limited (6)	H shares	Interest in controlled corporation	68,712,000	Long position	1.00	5.93
Zhaojin Mining Industry Company Limited (6)	H shares	Interest in controlled corporation	68,712,000	Long position	1.00	5.93
Tianjin Guangcheng Investment Group Co., Ltd. (7)	H shares	Interest in controlled corporation	67,040,000	Long position	0.98	5.78
Tianjin Jizhou Xincheng Agricultural Development Co., Ltd. (7)	H shares	Beneficial owner	67,040,000	Long position	0.98	5.78
Tianjin Jizhou Xincheng Construction Investment Co., Ltd. (7)	H shares	Interest in controlled corporation	67,040,000	Long position	0.98	5.78

II. INFORMATION ON SHAREHOLDERS (CONT'D)

2.3 Interests and Short Positions in Hong Kong in Accordance with the SFO (Cont'd)

Notes:

(1) Shandong Hi-Speed Group Company is the controlling shareholder of the Bank and is directly held by Shandong SASAC, Shandong Development Investment Holding Group Co., Ltd., (formerly Shandong Guohui Investment Holding Group Co., Ltd.), a wholly-owned subsidiary of Shandong SASAC, and Shandong Caixin Assets Operation Co., Ltd. as to 70.37%, 19.75% and 9.88%, respectively.

Shandong Hi-Speed is owned by Shandong Hi-Speed Group Company as to approximately 63.57%. Therefore, Shandong Hi-Speed Group Company is deemed to be interested in all the shares held by Shandong Hi-Speed for the purpose of the SFO.

(2) Heze City Investment Holdings Group Co., Ltd. wholly owns Heze City Investment Holdings Hong Kong International Co., Limited. Accordingly, Heze City Investment Holdings Group Co., Ltd. is deemed to be interested in the 139,594,000 H shares held by Heze City Investment Holdings Hong Kong International Co., Limited for the purpose of the SFO.

(3) Shandong Hengyuan Petrochemical Co., Ltd. indirectly holds 150,000,000 H shares through its wholly-owned subsidiary, Heng Yuan Holdings Limited. Shandong Hengyuan Petrochemical Group Co., Ltd. holds 72.09% of the interests in Shandong Hengyuan Petrochemical Co., Ltd.. Accordingly, Shandong Hengyuan Petrochemical Group Co., Ltd. and Shandong Hengyuan Petrochemical Co., Ltd. are deemed to be interested in the 150,000,000 H shares held by Heng Yuan Holdings Limited for the purpose of the SFO.

(4) Tianjin TEDA Industrial Group Co., Ltd. wholly owns Tsinlien Group Company Limited through its wholly-owned subsidiary, Tianjin Bohai State-owned Assets Management Co., Ltd.. Therefore, Tianjin TEDA Industrial Group Co., Ltd. and Tianjin Bohai State-owned Assets Management Co., Ltd. are deemed to be interested in the 113,940,000 H shares held by Tsinlien Group Company Limited for the purpose of the SFO.

(5) Xindu Group Limited indirectly holds 71,003,000 H shares through its subsidiary, Shandong Lulong Construction Co., Ltd.. Ms. YANG Shulan holds approximately 56.00% of the interests in Xindu Group Limited. Accordingly, Xindu Group Limited and Ms. YANG Shulan are deemed to be interested in 71,003,000 H shares for the purpose of the SFO.

(6) Zhaojin Mining Industry Company Limited indirectly holds 68,712,000 H shares through Sparky International Company Limited, its wholly-owned subsidiary. Shandong Zhaojin Group Company Limited owns 33.27% of the interests in Zhaojin Mining Industry Company Limited. Accordingly, Zhaojin Mining Industry Company Limited and Shandong Zhaojin Group Company Limited are deemed to be interested in the 68,712,000 H shares held by Sparky International Company Limited for the purpose of the SFO.

(7) Tianjin Guangcheng Investment Group Co., Ltd. wholly owns Tianjin Jizhou Xincheng Agricultural Development Co., Ltd. through its wholly-owned subsidiary, Tianjin Jizhou Xincheng Construction Investment Co., Ltd.. Accordingly, Tianjin Guangcheng Investment Group Co., Ltd. and Tianjin Jizhou Xincheng Construction Investment Co., Ltd. are deemed to be interested in the 67,040,000 H shares held by Tianjin Jizhou Xincheng Agricultural Development Co., Ltd. for the purpose of the SFO.

Save as disclosed above, the Bank is not aware of any other parties (other than the Directors and chief executives of the Bank) who had any interests or short positions in the shares of the Bank which were required to be recorded in the register maintained by the Bank pursuant to Section 336 of the SFO as at the end of the Reporting Period.

III. MAJOR SHAREHOLDERS DURING THE REPORTING PERIOD

According to the Interim Measures for Management of Commercial Bank Equity (《商業銀行股權管理暫行辦法》) promulgated by the former CBIRC, major shareholders of a commercial bank refer to shareholders who hold or control 5% or more of the shares or voting rights of the commercial bank, or who hold less than 5% of the total capital or total shares but have a significant influence on the operation and management of the commercial bank. The above "significant influence" includes, but is not limited to, dispatching directors or senior management to the commercial bank, influencing the financial and operational management decisions of the commercial bank through agreements or other means, and other circumstances identified by NFRA or its local offices.

3.1 Shareholders Holding 5% or More of the Shares

Name of shareholders	Controlling shareholders	De facto controller	Persons acting in concert	Ultimate beneficiary
Shandong Hi-Speed Group Company	Shandong SASAC	Shandong SASAC	Shandong Hi-Speed	Shandong Hi-Speed Group Company
Weihai Municipal Finance Bureau	N/A	N/A	Nil	Weihai Municipal Finance Bureau
Shandong Hi-Speed	Shandong Hi-Speed Group Company	Shandong SASAC	Shandong Hi-Speed Group Company	Shandong Hi-Speed

3.2 Other Major Shareholders

Under the requirements of the Interim Measures for Management of Commercial Bank Equity (《商業銀行股權管理暫行辦法》), the Bank has no other major shareholders:

IV. NOMINATION OF DIRECTORS BY SHAREHOLDERS

(1) Shandong Hi-Speed Group Company nominated Mr. MENG Dongxiao, Mr. CHEN Xiaojun and Mr. GUO Youhui as Directors of the Bank;

(2) Weihai Municipal Finance Bureau nominated Mr. ZHAO Bing as a Director of the Bank;

(3) Shandong Hi-Speed nominated Mr. ZHOU Liang as a Director of the Bank;

V. PURCHASE, SALE AND REDEMPTION OF THE BANK'S LISTED SECURITIES

During the Reporting Period, save as disclosed in this report, neither the Bank nor any of its subsidiary had purchased, sold or redeemed any of the Bank's listed securities (including sale of treasury shares, if any).

CHAPTER 3 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

I. CURRENT DIRECTORS AND SENIOR MANAGEMENT

1.1 Directors

The Board consists of 14 Directors, including 4 executive Directors, 5 non-executive Directors and 5 independent non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election, and the cumulative term of an independent non-executive Director shall not exceed six years. The following table sets forth certain information regarding our Directors.

Name	Age	Position	Date of appointment[1]
Mr. MENG Dongxiao	54	Executive Director and Chairman	April 2016
Mr. ZHANG Wenbin	43	Executive Director and President	August 2021
Mr. LU Jiliang	36	Executive Director and Vice President	August 2021
Mr. JIANG Yi	45	Executive Director and Vice President	December 2024
Mr. CHEN Xiaojun	56	Non-executive Director	December 2024
Mr. ZHAO Bing	58	Non-executive Director	August 2021
Mr. GUO Youhui	56	Non-executive Director	May 2026
Mr. ZHOU Liang	55	Non-executive Director	June 2026
Ms. LI Jie	54	Non-executive Director	November 2022
Mr. FAN Chi Chiu	40	Independent Non-executive Director	June 2020
Mr. WANG Yong	52	Independent Non-executive Director	November 2022
Ms. SUN Zuying	63	Independent Non-executive Director	August 2021
Mr. YANG Yunhong	54	Independent Non-executive Director	October 2023
Mr. PENG Feng	48	Independent Non-executive Director	December 2024

Note:

(1) The date of appointment of Directors refers to the date on which the relevant Director obtained the qualification approval from National Financial Regulatory Administration Shandong Office, and the term of office of re-elected Directors shall commence from the date of first appointment.

I. CURRENT DIRECTORS AND SENIOR MANAGEMENT(CONT'D)

1.2 Senior Management

Name	Age	Position	Date of appointment[1]
Mr. ZHANG Wenbin	43	President	December 2024
Mr. LU Jiliang	36	Vice President	February 2021
Mr. JIANG Yi	45	Vice President	October 2023
Mr. ZHU Liying	54	Vice President	November 2025
Mr. HOU Xuesong	37	Vice President	November 2025
Mr. ZHANG Xiaodong	56	Chief Risk Officer	June 2021
Mr. ZHANG Jia'en	50	Secretary to the Board	September 2022

Note:

(1) The date of appointment of senior management refers to the date on which he/she was appointed to the current position in the senior management and obtained the qualification approval from National Financial Regulatory Administration Shandong Office.

II. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

During the Reporting Period, the Directors and senior management of the Bank had the following changes.

2.1 Changes in Directors

On April 27, 2026, Mr. ZHOU Liang's qualification approval of Director was approved by National Financial Regulatory Administration Shandong Office, and Mr. KANG Jian ceased to serve as Director of the Bank. On May 12, 2026, Mr. GUO Youhui's qualification approval of Director was approved by National Financial Regulatory Administration Shandong Office, and Mr. JIAO Weifeng ceased to serve as Director of the Bank. For further details, please refer to the Bank's announcements dated April 28, 2026 and May 12, 2026.

During the Reporting Period, the Board of Directors proposed to nominate Mr. ZOU Yimin as a candidate for independent non-executive Director of the Bank; the relevant appointment was approved by the shareholders' meeting on June 29, 2026. The term of office of the newly appointed independent non-executive Director will only take effect upon approval of his qualification by National Financial Regulatory Administration Shandong Office, and his term of office will commence from the date of approval of qualification until the expiry of the term of the ninth session of the Board of Directors of the Bank. At that time, Mr. FAN Chi Chiu will cease to serve as an independent non-executive Director of the Bank and to hold positions on the relevant special committees of the Board. As at the end of the Reporting Period, Mr. ZOU Yimin had not yet received approval from National Financial Regulatory Administration Shandong Office. For details of the changes, please refer to the Bank's announcements dated May 20, 2026 and June 29, 2026, and the circular dated June 8, 2026.

2.2 Changes in Senior Management

There were no changes in senior management during the Reporting Period.

II. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD (CONT'D)

2.3 Changes in Information on Directors and Senior Management during the Reporting Period

Mr. PENG Feng has served as the general manager of Qingxiu Technology (Nanning) Co., Ltd.* (清秀科技(南寧)有限公司) and Yongxi Technology (Nanning) Co., Ltd.* (邕溪科技(南寧)有限公司) since May 2026.

Ms. LI Jie ceased to serve as the head of the Board Office of the Bank with effect from June 2026 due to her age.

Save as disclosed above, during the Reporting Period, no other information in relation to the Directors or senior management was required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

III. CHANGES IN JOINT COMPANY SECRETARIES

There was no change in joint company secretaries during the Reporting Period.

IV. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE BANK OR ITS ASSOCIATED CORPORATIONS

So far as the Directors and chief executive of the Bank are aware, as of the end of the Reporting Period, the interests and short positions of the Directors and chief executive in the shares, underlying shares or debentures of the Bank or its associated corporations (within the meaning of Part XV of SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Bank and the Hong Kong Stock Exchange were as follows:

Name of Director/ chief executive	Class of shares capacity	Number of Domestic Shares directly or indirectly held	Percentage of total issued shares(1)(%)	Percentage of total class shares(1)(%)	Long position/ short position
Mr. ZHANG Wenbin	Domestic Shares Beneficial owner	70,266	0.0010	0.0012	Long position
Ms. SUN Zuying	Domestic Shares Beneficial owner	21,756	0.0003	0.0004	Long position

Note:

(1) The percentages above are calculated based on the total number of issued shares of 6,869,188,513 shares and the total number of domestic shares of 5,710,327,513 shares of the Bank as of the end of the Reporting Period.

Save as disclosed above, as of the end of the Reporting Period, none of the Directors or chief executive of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code.

V. SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors and relevant employees of the Bank. Having made enquiry with all Directors, the Bank confirmed that they had complied with the Model Code during the Reporting Period. The Bank is not aware of any violations of the above code by the employees concerned.

VI. STAFF AND HUMAN RESOURCE MANAGEMENT

6.1 Composition of employees

As of the end of the Reporting Period, the total number of our regular employees reached 3,996, of which 56.3% were female, 26.5% were employees aged 30 or below, and 97.4% were employees with bachelor's degree or above. An excellent team of professionals helps to cultivate a corporate culture of active innovation and strengthen the ability to respond to market changes and seize market opportunities.

6.2 Remuneration policy

In accordance with the PRC laws and regulations, the Bank contributes to our employees' social insurance and other benefits program including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, housing provident fund, corporate annuity and supplementary medical insurance. The Bank has a labor union established in accordance with the PRC laws and regulations, which represents the interests of our employees and works closely with our management on labor-related issues.

VI. STAFF AND HUMAN RESOURCE MANAGEMENT (CONT'D)

6.2 Remuneration policy (Cont'd)

The Board of Directors is responsible for designing the remuneration management system and policy of the Bank in accordance with relevant national laws and policies, and assumes an ultimate responsibility for the remuneration management. The Nomination and Remuneration Committee is set up under the Board of Directors. The management is responsible for organizing the implementation of resolutions of the Board of Directors on the remuneration management, and the Human Resources Department is responsible for specific matters. The Bank strictly complied with the Labour Law, the Supervisory Guidelines on Sound Compensation in Commercial Banks and other laws and regulations, and formulated a scientific and reasonable incentive constraint mechanism that is compatible with long-term stable and sustainable development. Firstly, it stipulates that the remuneration structure of the Bank mainly includes basic salary, performance-based remuneration and medium and long-term performance. Among them, performance-based remuneration and medium and long-term performance are variable remuneration, which are distributed based on factors such as current and long-term performance contribution and risk condition, and different lock-up periods are set for medium and long-term performance based on the length of service of employees in the Bank and are subject to deferred payments for all employees. Secondly, in accordance with regulatory requirements and operational management needs, it establishes mechanisms for deferred compensation and clawback provisions. It clarifies the deferred payment of performance-based remuneration for senior management and personnel with significant risk impact. If a risk occurs within the specified period of time and causes losses, the performance-based remuneration of the relevant responsible person shall be recovered and paid back and the pay-back amount shall be recognized according to the determination of responsibility. If the risk loss within the responsibilities of such responsible person is unusually exposed within the specified period, the Bank is entitled to recover all performance-based remuneration paid in the corresponding period and refuse to pay all unpaid amount. The above provision shall also apply to resigned and retired employees. Thirdly, it clarifies the constraints of risk cost control indicators on performance-based remuneration, and stipulates that the risk cost control indicators of the Bank include capital adequacy ratio, non-performing loan ratio, provision coverage ratio, case risk ratio, and leverage ratio; that when measuring the costs of credit risk and market risk, the economic capital allocation and changes in capital cost itself as well as provision costs and actual losses shall be considered; and that when measuring liquidity risk costs, the liquidity coverage ratio under the stress testing and the cost of liquidity resources themselves shall be mainly considered.

The Bank has established a comprehensive mechanism for the allocation of total remuneration. It formulates annual remuneration schemes in accordance with relevant regulations and operational practices, with the specific details submitted to the relevant departments for the record. The Bank continues to refine its internal remuneration allocation mechanism, prioritising the allocation of remuneration resources to branch-level organisations and front-line staff, thereby effectively strengthening the momentum for the Bank's sustainable development.

VI. STAFF AND HUMAN RESOURCE MANAGEMENT (CONT'D)

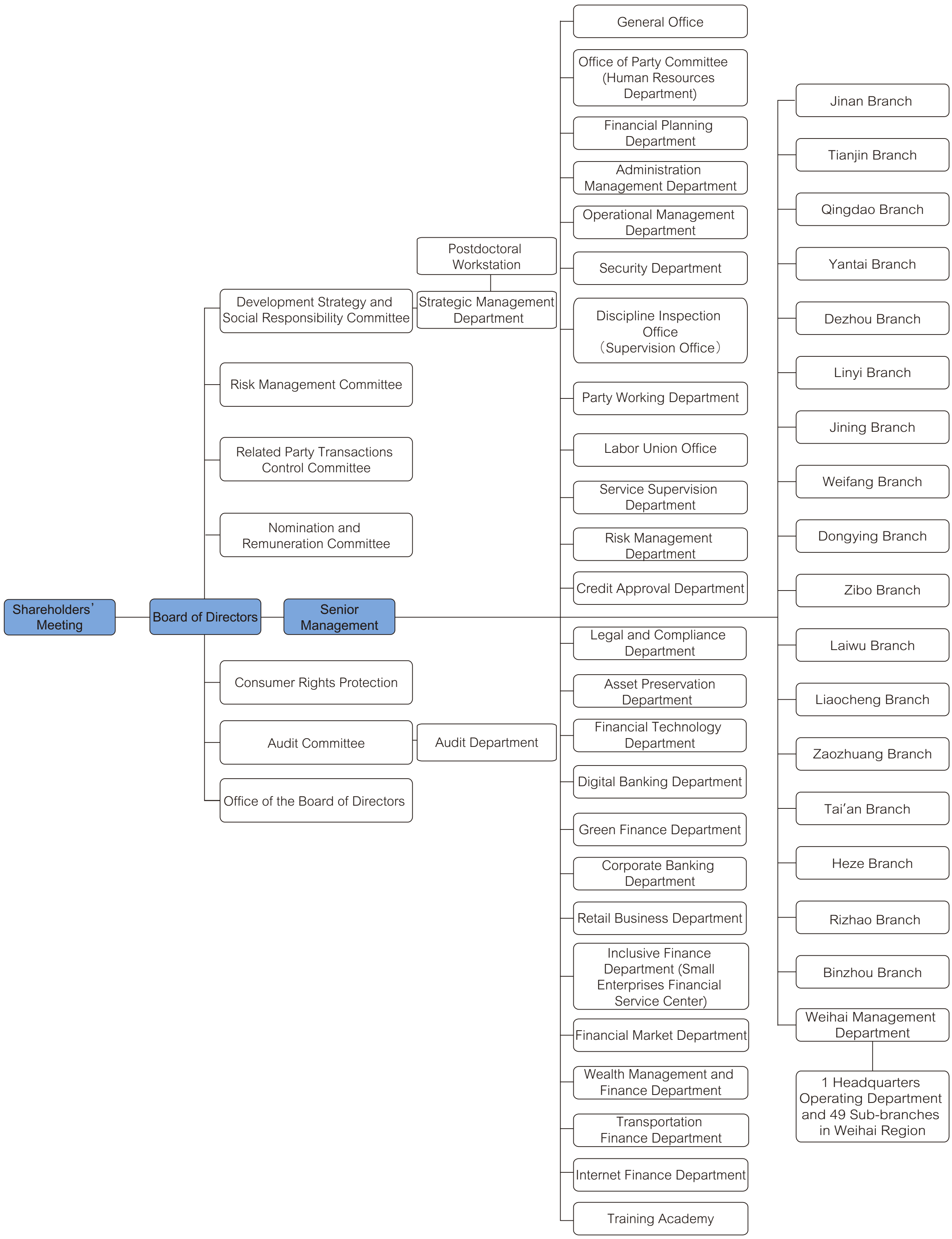
6.3 Training scheme

The Bank attaches great importance to talent cultivation, and takes talent selection and employment as the foundation of the Bank's development, and is committed to establish a professional team with good execution ability. During the Reporting Period, the Bank organised the "Chasing Dreams, Setting Sail" graduate recruitment training programme, the "Loyalty and Responsibility" series of training programmes for newly appointed managers, and the first "Extracting Wisdom, Empowering the Future" case study extraction and empowerment training programme, effectively enhancing the professional quality of the team. Meanwhile, the Bank also organized and carried out professional training for business lines, including enterprises, retail, risk and operation business lines. The Bank aims to enhance the core competitiveness of its leadership team, and provide talent guarantee for the development of the Bank by conducting training in different specialties, categories and levels.

6.4 Share scheme

During the Reporting Period, the Bank did not implement any share scheme.

VII. ORGANIZATIONAL STRUCTURE CHART



CHAPTER 4 CORPORATE GOVERNANCE

I. GENERAL INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Bank continued to improve the transparency and accountability of its corporate governance and ensured a high standard of corporate governance practices to protect the interests of Shareholders and enhance corporate value and commitment.

The Bank has established a relatively comprehensive corporate governance structure in accordance with the requirements of the Listing Rules. The compositions of the Board and the special committees under the Board are in compliance with the requirements of the Listing Rules. The Bank has clearly defined the responsibilities of the Shareholders' meeting, the Board and the senior management. The Shareholders' meeting is the highest authority of the Bank. The Board is accountable to the Shareholders' meeting. The Board has established six special committees, which operate under the leadership of the Board and provide advice on the decisions of the Board. Under the leadership of the Board, the senior management is responsible for implementing the resolutions of the Board and for the daily operation and management of the Bank, and reports to the Board on a regular basis. The president of the Bank is appointed by the Board and is responsible for the overall business operation and management of the Bank.

The Bank has adopted the Corporate Governance Code, met the requirements of the administrative measures and corporate governance for domestic commercial banks, and established a sound corporate governance system. During the Reporting Period, the Bank has complied with code provisions set out in Part 2 of Appendix C1 to the Listing Rules.

The Bank is committed to maintaining a high standard of corporate governance. The Bank will continue to review and enhance its corporate governance to ensure compliance with the Corporate Governance Code and meet the expectations of the shareholders and potential investors of the Bank.

II. SHAREHOLDERS' MEETING

The main duties of the shareholders' meeting include electing and replacing non-employee representative Directors, deciding on their remuneration, considering and approving annual profit distribution plans and loss recovery proposals, making resolutions on the merger, demerger, dissolution and liquidation of the Bank or change of corporate form, and amending the Articles of Association, etc. During the Reporting Period, the Bank held one annual general meeting, details of which are set out below:

On June 29, 2026, the Bank held the 2025 annual general meeting in Weihai City, and a total of 31 Shareholders and valid proxies, representing 5,879,071,069 voting Shares in aggregate, representing approximately 85.65% of total issued Shares with voting rights at the 2025 annual general meeting, attended and voted at the meeting. 9 resolutions were considered and approved, including Profit Distribution Plan for 2025, and Appointment of External Auditors for 2026.

The notice, convening and voting procedures of the above Shareholders' meeting are all in compliance with the relevant requirements of the Company Law and the Articles of Association.

III. MEETINGS OF THE BOARD AND ITS SPECIAL COMMITTEES

The Board is a decision-making body of the Bank and is accountable to the Shareholders' meeting. Its main duties include convening the Shareholders' meetings, reporting to the Shareholders' meetings and executing the resolutions of the Shareholders' meetings, deciding on the Bank's development strategies, business plans and investment plans, reviewing and approving annual financial budget reports and final accounts reports, formulating profit distribution plans and loss recovery plans, making proposals for the merger, demerger, dissolution and change of form of the Bank, formulating amendments to the Articles of Association, formulating the fundamental management systems of the Bank, and deciding on the Bank's ESG strategic plans, annual targets, major policies and basic systems. During the Reporting Period, the Board held 3 meetings, at which 60 resolutions were considered and approved. The special committees under the Board held 14 meetings in total, including 3 meetings convened by the Audit Committee, 2 meetings convened by the Strategic Development and Social Responsibility Committee, 2 meetings convened by the Nomination and Remuneration Committee, 2 meetings convened by the Risk Management Committee, 2 meetings convened by the Consumer Rights Protection Committee, and 3 meetings convened by the Related Party Transactions Control Committee.

IV. PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS

During the Reporting Period, the independent non-executive Directors discharged their statutory duties by attending meetings of the Board and the special committees in good faith and offering objective and independent advice to protect the interests of the Bank and its shareholders as a whole.

V. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

During the Reporting Period, the Bank did not amend its Articles of Association.

VI. IMPLEMENTATION OF DIVIDEND DISTRIBUTIONS

In accordance with the resolution of the 2025 annual meeting of the Bank convened on June 29, 2026, 2025 annual dividend was distributed in cash with the amount of RMB687 million (tax inclusive), being a cash dividend of RMB10 (tax inclusive) per 100 shares distributed to the ordinary shareholders whose names appeared on the register of members on the record date for equity distribution. The final dividend was distributed to Shareholders on July 30, 2026.

The Bank does not declare the 2026 interim dividend.

VII. EXTERNAL AUDITORS

Pursuant to the 2025 annual general meeting of the Bank convened on June 29, 2026, KPMG Huazhen LLP and KPMG were approved as domestic and international auditors of the Bank for 2026, respectively, with the term of office until the next annual general meeting of the Bank.

VIII. RISK MANAGEMENT AND INTERNAL CONTROL

8.1 Risk Management

The Bank has established a sound risk management organizational structure comprising the Board of Directors, senior management and various risk management committees and departments to ensure the effective operation with a strong check-and-balance.

The Bank has established comprehensive risk management policies, procedures and risk limit management systems. We have established a sound risk management policy covering credit risk, market risk, operational risk, liquidity risk, strategic risk, information technology risk and reputational risk, etc., and have established a capital constraint mechanism focusing on capital adequacy ratio management, a complete internal capital adequacy assessment mechanism and a risk management mechanism that covers the entire work stream, including risk identification, measurement, assessment, monitoring, mitigation and control. During the Reporting Period, the Bank continued to improve the mechanism and system of comprehensive risk management. Taking into account the dual needs of business development and risk control, the Bank formulated the annual risk appetite strategy and specified various risk limits and administrative measures. The Bank incorporated risk factors in relation to the environmental, social and governance into the assessment of credit risk, information technology risk, compliance risk and other risks. The Bank carried out risk identification and assessment, stress testing, etc., identified and assessed risks that have a substantial impact on the Bank's operations, made forward looking assessment on the Bank's profitability, capital level and liquidity under stress scenarios, and assisted in formulating improvement measures to ensure that various risks are under control.

The Bank has built a whole-process digitalized risk management system and continuously improved its technology capability in risk management work through strengthening the application of internal and external data and risk models in fields such as business access, risk alert and differentiated risk management strategies. The Bank has established risk management systems such as the post-loan management platform, the risk-weighted asset (RWA) measurement system, related party transaction platform, investment business credit risk management and control system, risk control platform, and model monitoring platform. By fully utilizing these systems and tools in risk identification, measurement and monitoring, it can effectively improve its overall risk management capability. During the Reporting Period, the Bank optimized the post-loan management platform and early warning system functions in conjunction with the adjustment of management strategies, continuously enhancing the foresight and accuracy of risk early warning systems, strengthening data-driven decision-making mechanisms, and improving risk identification and resolution capabilities. The Bank launched a system for the management of litigation and write-offs in credit operations, deeply integrating litigation and write-off business scenarios with technological applications. By utilising digital tools to empower business management, the Bank has continuously enhanced its comprehensive risk management capabilities.

VIII. RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

8.2 Internal Control

The Bank has established an internal control organizational structure comprising the Board of Directors, senior management, the Legal and Compliance Department, the Audit Department, business departments and branches with rational division of functions, clearly defined responsibilities and clear reporting relationships. It has established a comprehensive and systematic system covering all types of business of the Bank, major risk points and risk prevention measures, thereby forming a mechanism of segregation of duties, horizontal and vertical supervision and control, and forging a distinctive risk management and compliance culture. Our internal control adapts to management mode, business scale, product complexity and risk profile.

The Bank adheres to the prudent business principle of "priorities on internal control, system first" and continuously improves its system management framework to establish an internal control structure with the participation of all employees. During the Reporting Period, the Bank timely tracked the changes in regulatory policies, and revised and improved relevant management systems as and when appropriate according to the needs of the Bank's operations and management, so as to ensure that all business operations were carried out steadily in accordance with the law and regulations. The Bank launched a series of initiatives under the "Year of Further Enhancing Compliance Efforts" campaign, organising training sessions and examinations on regulations, as well as holding regulatory compliance competitions to promote learning through competition and continuously raise the standard of "Knowing and Applying" regarding regulations; it continued to conduct online reviews and periodic assessments of regulations, refined the "zero tolerance" and "zero incidence" issue lists and the "Five-Point" regulatory inspection criteria, conducted rigorous compliance reviews of third-party partner organisations, and continued to strengthen the long-term mechanism of "managing people through regulations and managing affairs through processes"; the special campaign to enhance compliance management and the two-year initiative to enhance internal controls and risk management were carried out to reinforce systemic control of key business and management activities, improve the development of internal control and compliance mechanisms, and enhance the professionalism and refinement of internal control and risk management. Therefore, the Bank will continue to create an internal control compliance atmosphere of "behavior led by culture and priorities on strict internal control, acting by the system and strict institutional constraints, penetration of the system into the process and all-the-way compliance in a strict manner".

The Bank's Audit Department supervised the adequacy and effectiveness of internal controls and organized and implemented the internal control evaluation throughout the Bank to improve the risk management level of each organization.

The Bank's internal auditors oversee the adequacy and effectiveness of internal controls. During the Reporting Period, the Bank carried out projects such as special audits, routine audits and accountability audits, conducted in-depth oversight of the Bank's key institutions, major business lines and critical processes through on-site inspections and off-site monitoring. The scope and depth of audit oversight were significantly enhanced, effectively promoting improvements in the Bank's overall internal control and compliance management standards. The Bank has accelerated the digitalisation and intelligent transformation of our audit functions, deepened the development of systems, data and models, and enhanced the effectiveness of digital audit oversight. The Bank has improved the rectification and supervision mechanism to strengthen coordination and collaboration with compliance and the first and second lines of defence, promote the improvement of system construction, optimize process management and achieve root rectification, thereby promoting the high-quality and stable development of the Bank.

VIII. RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

8.2 Internal Control (Cont'd)

The Bank attaches great importance to information disclosure and inside information management. In order to strengthen the confidentiality of inside information, ensure the fairness of information disclosure and protect the legitimate rights and interests of investors, the Bank has formulated the Information Disclosure Management System (《信息披露管理制度》) and the Administrative Measures for Inside Information (《內幕消息管理辦法》) in accordance with the laws, regulations and regulatory documents of mainland China and Hong Kong. The Bank shall make timely disclosure in accordance with the relevant laws and regulations and the rules governing the listing of securities of the stock exchanges where the stocks of the Bank are listed when there are "inside information" under Part XIVA of the SFO and other matters required to be disclosed in a timely manner by the relevant laws and regulations and the rules governing the listing of securities of the stock exchanges where the stocks of the Bank are listed, unless exempted under the relevant laws and regulations and the rules governing the listing of securities of the stock exchanges where the stocks of the Bank are listed.

The Board of Directors is responsible for the risk management and internal control system, and is responsible for reviewing the effectiveness of the relevant system. The Board of Directors reviews risk management and internal control of the Bank on a quarterly basis. The systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. No material defects of internal control and risk management of the Bank have been identified during the Reporting Period. The Bank is of the opinion that the risk management and internal control of the Bank is sufficiently effective and sufficient.

For more details of the Bank's risk management and internal control, please refer to "Management Discussion and Analysis – Risk Management" of this Report.

CHAPTER 5 IMPORTANT EVENTS

ISSUE OF BONDS

During the Reporting Period, the Bank issued certificates of interbank deposit with an aggregate principal amount of RMB19,650 million. Please refer to Note 32 and Note 35 to the financial statements of this report for details of bonds that were not issued during the Reporting Period.

MATERIAL LITIGATION OR ARBITRATION

As of the end of the Reporting Period, the Bank was the plaintiff in 2 outstanding litigations with a principal balance of over RMB30 million, involving an amount of RMB401 million. The Bank was not the defendant in any outstanding litigations or arbitrations with an amount subject to the disputes of over RMB10 million. The above outstanding litigations are all loan disputes arising from banking business of the Bank, and as of the end of the Reporting Period, the Bank did not expect that such litigations and arbitrations (individually or jointly) would have a material adverse effect on the Bank's business, financial position and results of operations. Save as disclosed above, as of the date of the Report, the Bank had no other material litigation, arbitration and major case.

PENALTIES AND RECTIFICATION

To the best knowledge of the Bank, during the Reporting Period, the Bank and its Directors and senior management were not subject to any significant administrative penalties affecting the normal operations of the Bank from regulatory authorities.

FULFILLMENT OF UNDERTAKINGS

The specific details of the undertakings fulfilled by the Bank, its Shareholders, related parties and other undertaking-related parties are set out in "Chapter 8 Important Events – Fulfillment of Undertakings" in the 2025 annual report of the Bank, and there were no other undertakings that were fulfilled during the Reporting Period and not yet fulfilled as of the end of the Reporting Period.

MATERIAL CONTRACTS, MATERIAL GUARANTEES AND SIGNIFICANT INVESTMENTS

Material Contracts

During the Reporting Period, the Bank did not have any material contracts subject to disclosure.

Material Guarantees

As of the end of the Reporting Period, the balance of letters of guarantee and letters of credit of the Bank amounted to RMB2,334 million and RMB20,781 million, respectively. The guarantee business is carried out in the ordinary course of business of the Bank, and the above businesses are financial guarantee business within the scope of business approved by the NFRA during the Reporting Period.

Significant Investments

During the Reporting Period, the Bank had no significant investment. There was no specific plan for significant investments or acquisition of material capital assets or other businesses.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures within the Bank.

CONNECTED (RELATED PARTY) TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the transactions between the Bank and its connected persons constitute connected transactions of the Bank. The Bank provides commercial banking services and products in the ordinary and usual course of its business to members of the public in the PRC, which include our connected persons (such as Directors, president, controlling Shareholders, substantial Shareholders and/or their respective associates). These transactions are entered into on normal commercial terms (or commercial terms that are better to us) in the ordinary and usual course of our business, and thus are fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

We also enter into certain non-bank transactions with our connected persons and/or their respective associates on normal commercial terms (or commercial terms that are better to us) from time to time in the ordinary and usual course of our business. These transactions are expected to constitute de minimis transactions under Chapter 14A of the Listing Rules, or have already been disclosed and/or approved by the Shareholders in accordance with the requirements under Chapter 14A of the Listing Rules. The transactions contemplated under such arrangements constitute continuing connected transactions of the Bank, and thus are fully exempt from all disclosure, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Bank carried out related party transactions in strict compliance with the relevant requirements of the regulatory authorities and the Administrative Measures for Related (Connected) Party Transactions and the Rules of Procedure for the Related Party Transactions Control Committee under the Board of Directors formulated by the Bank.

In accordance with the requirements of the NFRA, the Bank has established a comprehensive, dynamic and complete list of related parties, and reviewed and approved related party transactions in accordance with commercial principles and on terms no more favorable than those of 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 have no negative impact on the Bank's operating results and financial position. Related party transactions were conducted in accordance with relevant laws and regulations, and credit conditions and review procedures of the Bank, and the amount of all the loans was recovered normally without non-performing loans.

As of the end of the Reporting Period, the Bank's balance of the credit exposure to related party transactions under the requirements of the NFRA was RMB9,067 million, accounting for 23.42% of net capital.

SUFFICIENCY OF PUBLIC FLOAT

As of the date of this report, based on the public information available to the Bank and to the knowledge of the Directors, the Bank had maintained sufficient public float in compliance with the minimum requirement under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

On July 23, 2026, the board of directors announced that due to the age, Ms. LI Jie had ceased to hold office as a non-executive Director of the Bank and from the relevant special committees of the Board. Her departure from office shall take effect on the date when a successor non-executive Director is elected by the employees' representative meeting of the Bank and such successor non-executive Director obtains the approval of office qualification issued by the National Financial Regulatory Administration Shandong Office.

On the same date, the Bank's employees' representative meeting elected Ms. WANG Wenjing to serve as a non-executive director of the ninth session of the board of directors of the Bank to fill the vacancy arising from the departure from office of Ms. LI. The term of Ms. WANG shall be effective from the date on which her qualification for directorship is approved by the National Financial Regulatory Administration Shandong Office. For details, please refer to the announcement of the Bank dated July 23, 2026.

Save as disclosed above, as at the date of this report, the Bank did not have any material subsequent events.

SIGNIFICANT EVENTS OF SUBSIDIARY

During the Reporting Period, the subsidiary had no significant event.

CHAPTER 6 REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

KPMG

TO THE BOARD OF DIRECTORS OF WEIHAI BANK CO., LTD.
(A joint stock company incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 85 to 178, which comprises the condensed consolidated statement of financial position of Weihai Bank Co., Ltd. (the "**Bank**") and its subsidiary (collectively the "Group") as of 30 June 2026, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 Interim Financial Reporting.

Our responsibility is to express a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, as issued by the Hong Kong Institute of Certified Public Accountants. A review of 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 Hong Kong 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 as at 30 June 2026 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 August 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026
(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	**Six months ended 30 June**	
		2026 (unaudited)	2025 (unaudited)
Interest income		**8,958,155**	8,391,824
Interest expense		**(4,369,224)**	(4,743,929)
Net interest income	*3*	**4,588,931**	3,647,895
Fee and commission income		**485,499**	569,873
Fee and commission expense		**(120,837)**	(121,831)
Net fee and commission income	*4*	**364,662**	448,042
Net trading gains/(losses)	*5*	**5,483**	(118,383)
Net gains arising from investments	*6*	**545,389**	926,822
Other operating income	*7*	**244,645**	151,998
Operating income		**5,749,110**	5,056,374
Operating expenses	*8*	**(1,319,597)**	(1,087,081)
Credit impairment losses	*9*	**(2,647,130)**	(2,524,558)
Impairment losses on other assets		**(5,347)**	–
Profit before tax		**1,777,036**	1,444,735
Income tax expense	*10*	**(210,963)**	(187,747)
Net profit for the period		**1,566,073**	1,256,988
Net profit for the period attributable to:			
Equity shareholders of the Bank		**1,392,767**	1,127,572
Non-controlling interests		**173,306**	129,416
Basic and diluted earnings per share (In RMB)	*11*	**0.22**	0.19

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	**Six months ended 30 June**	
		2026	2025
		(unaudited)	(unaudited)
Net profit for the period		**1,566,073**	1,256,988
Other comprehensive income for the period:	*37*		
Item that will not be reclassified to profit or loss			
Changes in the fair value of financial assets designated to be measured at fair value through other comprehensive income		**–**	(69,345)
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of financial assets measured at fair value through other comprehensive income		**246,622**	(819,721)
Allowance for ECLs of financial assets measured at fair value through other comprehensive income		**6,271**	8,929
Other comprehensive income for the period, net of tax		**252,893**	(880,137)
Total comprehensive income for the period		**1,818,966**	376,851
Total comprehensive income for the period attributable to:			
Equity shareholders of the Bank		**1,645,660**	247,435
Non-controlling interests		**173,306**	129,416

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	**30 June 2026 (unaudited)**	31 December 2025 (audited)
Assets			
Cash and deposits with the central bank	*12*	**33,333,552**	29,746,599
Deposits with banks and other financial institutions	*13*	**2,681,401**	3,638,459
Placements with banks and other financial institutions	*14*	**11,011,410**	10,705,945
Financial assets held under resale agreements	*15*	**–**	4,797,122
Loans and advances to customers	*16*	**245,611,706**	223,695,299
Financial investments:			
– Financial investments measured at fair value through profit or loss	*17*	**12,065,374**	12,918,081
– Financial investments measured at fair value through other comprehensive income	*18*	**97,926,453**	85,171,313
– Financial investments measured at amortised cost	*19*	**87,500,995**	89,623,004
Lease receivables	*21*	**37,730,666**	32,704,477
Property and equipment	*22*	**4,822,036**	4,922,726
Right-of-use assets	*23*	**432,507**	475,863
Deferred tax assets	*24*	**4,103,127**	4,035,182
Other assets	*25*	**3,354,922**	2,086,426
Total assets		**540,574,149**	504,520,496
Liabilities			
Borrowings from the central bank	*26*	**25,107,352**	19,004,974
Deposits from banks and other financial institutions	*27*	**2,336,031**	3,366,168
Placements from banks and other financial institutions	*28*	**39,642,025**	34,699,374
Financial liabilities measured at fair value through profit or loss	*29*	**1,187,858**	977,830
Financial assets sold under repurchase agreements	*30*	**10,491,384**	6,982,518
Deposits from customers	*31*	**374,168,005**	351,275,810
Income tax payable		**164,203**	473,616
Debt securities issued	*32*	**46,076,534**	48,715,091
Lease liabilities		**436,868**	469,181
Other liabilities	*33*	**4,035,319**	3,180,119
Total liabilities		**503,645,579**	469,144,681

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	**30 June 2026 (unaudited)**	31 December 2025 (audited)
Equity			
Share capital	*34*	**6,869,189**	5,980,058
Other equity instruments	*35*	**5,999,092**	5,999,092
Including: perpetual bonds		**5,999,092**	5,999,092
Capital reserve	*36*	**6,936,448**	7,356,872
Other comprehensive income	*37*	**530,285**	277,392
Surplus reserve	*38*	**2,107,277**	2,107,277
General reserve	*39*	**5,543,485**	4,657,710
Retained earnings	*40*	**6,693,837**	6,921,763
Total equity attributable to equity shareholders of the Bank		**34,679,613**	33,300,164
Non-controlling interests		**2,248,957**	2,075,651
Total equity		**36,928,570**	35,375,815
Total liabilities and equity		**540,574,149**	504,520,496

Approved and authorised for issue by the board of directors on 28 August 2026.

Meng Dongxiao	**Zhang Wenbin**	**Zhao Na**
Legal Representative (Chairman)	*President*	*In-charge of Finance Department*

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

For the six months ended 30 June 2026

		Attributable to equity shareholders of the Bank									
	Notes	Share capital	Other equity instrument	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2026		5,980,058	5,999,092	7,356,872	277,392	2,107,277	4,657,710	6,921,763	33,300,164	2,075,651	35,375,815
Total comprehensive income		–	–	–	252,893	–	–	1,392,767	1,645,660	173,306	1,818,966
Capital injection by shareholders	*34、36*	889,131	–	(420,424)	–	–	–	–	468,707	–	468,707
Appropriation of profit:											
– Appropriations to surplus reserve	*38*	–	–	–	–	–	–	–	–	–	–
– Appropriation to general reserve	*39*	–	–	–	–	–	885,775	(885,775)	–	–	–
– Dividends paid to other equity instruments holders	*40(2)*	–	–	–	–	–	–	(48,000)	(48,000)	–	(48,000)
– Dividends paid to ordinary equity holders	*40(1)*	–	–	–	–	–	–	(686,918)	(686,918)	–	(686,918)
Balance at 30 June 2026 (unaudited)		6,869,189	5,999,092	6,936,448	530,285	2,107,277	5,543,485	6,693,837	34,679,613	2,248,957	36,928,570

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

(Expressed in thousands of Renminbi, unless otherwise stated)

For the six months ended 30 June 2025

		Attributable to equity shareholders of the Bank									
	Notes	Share capital	Other equity instrument	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2025		5,980,058	3,999,262	4,925,135	1,824,434	1,903,978	4,144,801	6,120,445	28,898,113	1,899,354	30,797,467
Total comprehensive income		–	–	–	(880,137)	–	–	1,127,572	247,435	129,416	376,851
Issuance of other equity instruments	35	–	1,999,830	–	–	–	–	–	1,999,830	–	1,999,830
Appropriation of profit:											
– Appropriation to general reserve	39	–	–	–	–	–	512,910	(512,910)	–	–	–
– Dividends paid to ordinary equity holders	40(1)	–	–	–	–	–	–	(598,006)	(598,006)	(75,000)	(673,006)
Balance at 30 June 2025 (unaudited)		5,980,058	5,999,092	4,925,135	944,297	1,903,978	4,657,711	6,137,101	30,547,372	1,953,770	32,501,142

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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									
	Notes	Share capital	Other equity instrument	Capital reserve	Other comprehensive income	Surplus reserve	General reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Balance at 1 January 2025		5,980,058	3,999,262	4,925,135	1,824,434	1,903,978	4,144,801	6,120,445	28,898,113	1,899,354	30,797,467
Total comprehensive income		–	–	–	(1,547,042)	–	–	2,252,432	705,390	251,297	956,687
Capital contribution from equity holders	36	–	–	2,431,737	–	–	–	–	2,431,737	–	2,431,737
Capital contribution from other equity instruments holders	35	–	1,999,830	–	–	–	–	–	1,999,830	–	1,999,830
Appropriation of profit:											
– Appropriations to surplus reserve	38	–	–	–	–	203,299	–	(203,299)	–	–	–
– Appropriation to general reserve	39	–	–	–	–	–	512,909	(512,909)	–	–	–
– Dividends paid to ordinary equity holders	40(1)	–	–	–	–	–	–	(598,006)	(598,006)	(75,000)	(673,006)
– Dividends paid to other equity instruments holders		–	–	–	–	–	–	(136,900)	(136,900)	–	(136,900)
Balance at 31 December 2025 (audited)		5,980,058	5,999,092	7,356,872	277,392	2,107,277	4,657,710	6,921,763	33,300,164	2,075,651	35,375,815

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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)
Cash flows from operating activities		
Profit before income tax	**1,777,036**	1,444,735
Adjustments for:		
Credit impairment losses	**2,647,130**	2,524,558
Impairment losses on other assets	**5,347**	–
Depreciation and amortisation	**210,451**	188,592
Unrealised foreign exchange gains, net	**(33,227)**	(25,896)
Net gains on disposal of property and equipment, intangible assets and other assets	**–**	(57)
Net gains arising from investments	**(545,389)**	(926,822)
Net trading losses	**27,744**	144,279
Interest expense on debt securities issued	**477,686**	607,804
Interest income from financial investments	**(2,125,436)**	(2,177,439)
Others	**9,482**	(24,305)
	2,450,824	1,755,449
Changes in operating assets		
Net increase in deposits with the central bank	**(1,346,968)**	(637,264)
Net increase in deposits with banks and other financial institutions	**–**	(3,661)
Net increase in placements with banks and other financial institutions	**(900,000)**	–
Net increase in loans and advances to customers	**(24,169,494)**	(20,801,210)
Net increase in lease receivables	**(5,502,106)**	(8,399,631)
Net increase in other operating assets	**(619,385)**	(3,193,364)
	(32,537,953)	(33,035,130)
Changes in operating liabilities		
Net increase in borrowings from the central bank	**6,089,548**	6,218,009
Net decrease in deposits from banks and other financial institutions	**(1,028,760)**	(5,147,515)
Net increase in placements from banks and other financial institutions	**4,986,867**	5,521,052
Net increase/(decrease) in financial assets sold under repurchase agreements	**3,507,803**	(5,600,000)
Net increase in deposits from customers	**24,495,067**	37,369,669
Net increase in other operating liabilities	**344,116**	1,568,700
	38,394,641	39,929,915
Income tax paid	**(672,620)**	(689,815)
Net cash flows generated from operating activities	**7,634,892**	7,960,419

The notes on pages 94 to 178 form part of the interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	**99,300,486**	126,401,549
Proceeds from investment gains and interest	**3,168,391**	3,319,593
Payments for acquisition of investments	**(111,601,997)**	(142,243,071)
Proceeds from disposal of property and equipment, intangible assets and other assets	**–**	4,539
Payments for acquisition of property and equipment, intangible assets and other assets	**(51,009)**	(1,219,838)
Net cash flows used in investing activities	**(9,184,129)**	(13,737,228)
Cash flows from financing activities		
Cash received from investors	**468,707**	–
Proceeds from debt securities issued	**19,725,514**	30,870,000
Repayment of debt securities issued	**(22,530,000)**	(30,690,000)
Payments for interest on debt securities issued	**(311,757)**	(334,262)
Proceeds from issuance of other equity instruments	**–**	2,000,000
Payments for dividends	**(48,119)**	(85,097)
Payment for lease liabilities	**(49,881)**	(47,657)
Payment for other financing activities	**–**	(170)
Net cash flows (used in)/generated from financing activities	**(2,745,536)**	1,712,814

		Six months ended 30 June	
	Note	**2026**	2025
		(unaudited)	(unaudited)
Effect of foreign exchange rate changes on cash and cash equivalents		**9,461**	(9,623)
Net decrease in cash and cash equivalents		**(4,285,312)**	(4,073,618)
Cash and cash equivalents as at 1 January		**20,140,999**	14,782,432
Cash and cash equivalents as at 30 June	*41*	**15,855,687**	10,708,814
Net cash flows generated from operating activities include:			
Interest received		**7,520,133**	6,511,831
Interest paid		**(5,510,272)**	(4,092,841)

The notes on pages 94 to 178 form part of the interim financial information.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BACKGROUND INFORMATION

Weihai Bank Co., Ltd. (the "**Bank**") (formerly Weihai City Commercial Bank Co., Ltd. and Weihai City Cooperation Bank Co., Ltd.) commenced business as a city commercial bank on 21 July 1997, according to the approval by the People's Bank of China (the "**PBOC**"). According to the approval by the PBOC Shandong Branch, Weihai City Cooperation Bank Co., Ltd. was renamed as Weihai City Commercial Bank Co., Ltd. on 17 April 1998. As at 26 February 2025, Weihai City Commercial Bank Co., Ltd. was renamed as Weihai Bank Co., Ltd. with the approval of the Shandong Branch of National Financial Regulatory Administration.

The Bank obtained its finance license No. B0176H337100001 from the former China Banking Regulatory Commission (the former "CBRC", in 2023, the regulator was renamed the National Financial Regulatory Administration (the "**NFRA**") (Weihai Office). The Bank obtained its business license No. 913700002671339534 from Weihai Municipal Bureau of Administrative Services. By 30 June 2026, the share capital of the Bank was RMB6,869,188,513, with its registered office located at No. 137A, Qingdao North Road, Weihai City, Shandong Province. The Bank is regulated by the NFRA which was authorised by the State Council.

On 12 October 2020, the Bank's H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock code: 9677).

The principal activities of the Bank and its subsidiary (together the "**Group**") include corporate banking, retail banking, financial market business and financial leasing services approved by the NFRA.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(1) Basis of preparation

These interim financial information have 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 IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("**IASB**"). These interim condensed consolidated financial statements were authorized for issue on 28 August 2026.

These interim financial information are presented in Renminbi ("**RMB**"), unless otherwise stated. These interim financial information and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards and should be read in conjunction with the 2025 annual consolidated financial statements.

The preparation of these interim financial information in compliance with IAS 34 requires use of certain judgements, estimates and assumptions made by management that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense on a year to date basis. Actual results may differ from these estimates. There have been no material revisions to the nature and amount of changes in estimates of amounts reported in prior periods.

These interim financial information are unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, as issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 84.

(Expressed in thousands of Renminbi, unless otherwise stated)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(2) Change in Accounting Policies

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

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

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

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

(b) Standards and amendments issued but not yet effective and not adopted by the Group in 2026

Effective date	New accounting standards or amendments
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
1 January 2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

3 NET INTEREST INCOME

	Six months ended 30 June	
	2026	2025
Interest income arising from:		
Deposits with the central bank	**165,832**	153,176
Deposits with banks and other financial institutions	**6,600**	8,489
Placements with banks and other financial institutions	**119,775**	123,339
Loans and advances to customers		
– Corporate loans and advances	**4,532,790**	3,945,125
– Personal loans and advances	**632,645**	878,126
– Discounted bills	**223,737**	134,839
Financial assets held under resale agreements	**35,657**	28,216
Financial investments	**2,125,436**	2,177,439
Lease receivables	**1,115,683**	943,075
Sub-total	**8,958,155**	8,391,824

(Expressed in thousands of Renminbi, unless otherwise stated)

3 NET INTEREST INCOME (CONTINUED)

	Six months ended 30 June	
	2026	2025
Interest expense arising from:		
Borrowings from the central bank	**(160,507)**	(110,948)
Deposits from banks and other financial institutions	**(33,072)**	(32,331)
Placements with banks and other financial institutions	**(348,467)**	(388,956)
Deposits from customers	**(3,264,485)**	(3,478,881)
Financial assets sold under repurchase agreements	**(85,007)**	(125,009)
Debt securities issued	**(477,686)**	(607,804)
Sub-total	**(4,369,224)**	(4,743,929)
Net interest income	**4,588,931**	3,647,895

4 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2026	2025
Fee and commission income		
Agency services fees	**332,984**	423,614
Acceptance and guarantee services fees	**61,759**	72,101
Settlement and clearing fees	**54,630**	49,990
Bank card services fees	**5,094**	6,639
Others	**31,032**	17,529
Sub-total	**485,499**	569,873
Fee and commission expense		
Settlement and clearing fees	**(112,001)**	(109,227)
Bank card services fees	**(3,570)**	(4,730)
Others	**(5,266)**	(7,874)
Sub-total	**(120,837)**	(121,831)
Net fee and commission income	**364,662**	448,042

(Expressed in thousands of Renminbi, unless otherwise stated)

5 NET TRADING GAINS/(LOSSES)

	Notes	Six months ended 30 June 2026	2025
Net losses from debt securities	*(i)*	**(11,268)**	(45,898)
Net gains/(losses) from funds	*(i)*	**15,516**	(32,936)
Net losses from investment management products	*(i)*	**(25,545)**	(120,525)
Net (losses)/gains from derivatives	*(ii)*	**(57)**	10,135
Exchange gains	*(ii)*	**33,227**	25,896
Others	*(i)*	**(6,390)**	44,945
Total		**5,483**	(118,383)

Notes:

(i) These net (losses)/gains include changes in the fair value of debt securities, funds, investment management products, etc, which measured at fair value through profit or loss.

(ii) Net (losses)/gains from derivatives and exchange gains 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.

6 NET GAINS ARISING FROM INVESTMENTS

	Six months ended 30 June 2026	2025
Net gains from financial investments measured at fair value through profit or loss	**102,556**	100,818
Net gains from financial assets measured at fair value through other comprehensive income	**410,410**	795,812
Net gains from financial assets measured at amortised costs	**8,933**	981
Others	**23,490**	29,211
Total	**545,389**	926,822

7 OTHER OPERATING INCOME

	Six months ended 30 June 2026	2025
Lease-related income	**238,326**	139,306
Government grants	**5,220**	11,113
Penalty income	**72**	402
Others	**1,027**	1,177
Total	**244,645**	151,998

(Expressed in thousands of Renminbi, unless otherwise stated)

8 OPERATING EXPENSES

	Six months ended 30 June	
	2026	2025
Staff costs		
– Salaries, bonuses and allowances	**515,909**	412,566
– Social insurance	**129,074**	86,574
– Housing funds	**37,322**	28,805
– Staff welfare expenses	**10,451**	5,206
– Employee education expenses and labour union expenses	**18,350**	14,708
– Supplementary retirement benefits	**33,655**	15,760
Sub-total	**744,761**	563,619
Rental and property management expenses	**8,565**	8,116
Depreciation and amortisation	**210,451**	188,592
Interest expense on lease liabilities	**9,482**	9,907
Taxes and surcharges	**69,952**	58,348
Other general and administrative expenses	**276,386**	258,499
Total	**1,319,597**	1,087,081

9 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2026	2025
Loans and advances to customers	**1,681,958**	1,879,606
Financial investments	**540,261**	462,155
Lease receivables	**336,291**	219,930
Placements with banks and other financial institutions	**(304)**	68
Financial assets held under resale agreements	**(3,373)**	(525)
Deposits with banks and other financial institutions	**(1,118)**	(2,136)
Credit commitments	**4,291**	(7,485)
Others	**89,124**	(27,055)
Total	**2,647,130**	2,524,558

(Expressed in thousands of Renminbi, unless otherwise stated)

10 INCOME TAX EXPENSE

(1) Income tax for the reporting period

	Note	Six months ended 30 June 2026	2025
Current tax		**361,612**	293,051
Deferred tax	*24(2)*	**(150,649)**	(105,304)
Total		**210,963**	187,747

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

	Six months ended 30 June 2026	2025
Profit before tax	**1,777,036**	1,444,735
Statutory tax rate	**25%**	25%
Income tax calculated at statutory tax rate	**444,259**	361,184
Tax effect of non-deductible expenses and others	**16,450**	18,459
Tax effect of non-taxable income *(Note (i))*	**(249,746)**	(191,896)
Income tax expense	**210,963**	187,747

Note:

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

11 BASIC AND DILUTED EARNINGS PER SHARE

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the period.

	Note	Six months ended 30 June 2026	2025
Weighted average number of ordinary shares (in thousands)	*11(1)*	**6,019,357**	5,980,058
Net profit attributable to equity shareholders of the Bank		**1,392,767**	1,127,572
Less: distribution to perpetual bondholders		**(48,000)**	–
Net profit attributable to ordinary shareholders of the Bank		**1,344,767**	1,127,572
Basic and diluted earnings per share (in RMB)		**0.22**	0.19

(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	**5,980,058**	5,980,058
Effect of the shares issuance	**39,299**	–
Weighted average number of ordinary shares	**6,019,357**	5,980,058

(Expressed in thousands of Renminbi, unless otherwise stated)

12 CASH AND DEPOSITS WITH THE CENTRAL BANK

	Notes	**30 June 2026**	31 December 2025
Cash on hand		**286,866**	277,460
Deposits with the central bank			
– Statutory deposit reserves	*12(1)*	**19,716,188**	18,534,654
– Surplus deposit reserves	*12(2)*	**12,874,513**	10,643,502
– Exchange risk reserve		**93,860**	249,791
– Fiscal deposits		**353,684**	32,319
Sub-total		**33,038,245**	29,460,266
Accrued interest		**8,441**	8,873
Total		**33,333,552**	29,746,599

(1) The Bank places statutory deposit reserves with the PBOC in accordance with relevant regulations. The statutory deposit reserve ratios applicable to the Bank as at the end of each reporting period were as follows:

	30 June 2026	**31 December 2025**
Reserve ratio for RMB deposits	**5.5%**	5.5%
Reserve ratio for foreign currency deposits	**4.0%**	4.0%

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

(Expressed in thousands of Renminbi, unless otherwise stated)

13 DEPOSITS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**1,931,868**	3,308,890
– Other financial institutions	**64,867**	71,323
Outside Chinese Mainland		
– Banks	**687,573**	262,376
Accrued interest	**176**	71
Sub-total	**2,684,484**	3,642,660
Less: Allowance for impairment losses	**(3,083)**	(4,201)
Total	**2,681,401**	3,638,459

14 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2026	31 December 2025
In Chinese Mainland		
– Banks	**–**	597,448
– Other financial institutions	**10,900,000**	10,000,000
Accrued interest	**128,942**	126,333
Sub-total	**11,028,942**	10,723,781
Less: Allowance for impairment losses	**(17,532)**	(17,836)
Total	**11,011,410**	10,705,945

(Expressed in thousands of Renminbi, unless otherwise stated)

15 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

(1) Analysed by type and location of counterparty

	30 June 2026	31 December 2025
In Chinese Mainland		
– Other financial institutions	–	4,800,000
Accrued interest	–	495
Sub-total	–	4,800,495
Less: Allowance for impairment losses	–	(3,373)
Total	–	4,797,122

(2) Analysed by type of collateral

	30 June 2026	31 December 2025
Securities	–	4,800,000
Accrued interest	–	495
Sub-total	–	4,800,495
Less: Allowance for impairment losses	–	(3,373)
Total	–	4,797,122

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS

(1) Analysed by nature

	30 June 2026	31 December 2025
Loans and advances measured at amortized cost:		
Corporate loans and advances	193,238,710	171,523,243
Sub-total	193,238,710	171,523,243
Personal loans and advances		
– Residential mortgage loans	13,525,617	14,131,069
– Personal consumption loans	10,647,278	11,565,066
– Personal business loans	10,695,297	11,141,190
– Credit cards	644,728	572,750
Sub-total	35,512,920	37,410,075
Accrued interest	1,782,662	1,781,569
Less: Allowance for impairment losses of loans and advances to customers measured at amortised cost	(5,736,089)	(5,084,865)
Sub-total	224,798,203	205,630,022
Loans and advances measured at FVOCI:		
– Discounted bills	20,813,503	18,065,277
Carrying amount of loans and advances to customers	245,611,706	223,695,299

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

	30 June 2026	31 December 2025
Unsecured loans	30,030,672	24,387,032
Guaranteed loans	102,821,032	88,449,951
Collateralised loans	70,666,632	69,207,202
Pledged loans	25,233,294	26,889,133
Discounted bills	20,813,503	18,065,277
Gross loans and advances to customers	249,565,133	226,998,595

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(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	**117,614**	**261,608**	**225,991**	**49,124**	**654,337**
Guaranteed loans	**148,839**	**506,369**	**193,131**	**31,994**	**880,333**
Collateralised loans	**210,974**	**737,010**	**850,873**	**172,527**	**1,971,384**
Pledged loans	**32,050**	**233,637**	**2,900**	**–**	**268,587**
Total	**509,477**	**1,738,624**	**1,272,895**	**253,645**	**3,774,641**
As a percentage of gross loans and advances to customers	**0.20%**	**0.70%**	**0.51%**	**0.10%**	**1.51%**

	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	342,498	201,929	191,661	28,788	764,876
Guaranteed loans	237,832	238,214	151,807	20,934	648,787
Collateralised loans	303,209	1,245,362	737,060	110,099	2,395,730
Pledged loans	17,128	7,000	2,900	–	27,028
Total	900,667	1,692,505	1,083,428	159,821	3,836,421
As a percentage of gross loans and advances to customers	0.40%	0.74%	0.48%	0.07%	1.69%

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

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

Allowance 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)	**220,749,000**	**5,760,744**	**4,024,548**	**230,534,292**
Less: Allowance for impairment losses	**(1,993,730)**	**(1,371,087)**	**(2,371,272)**	**(5,736,089)**
Net carrying amount of loans and advances to customers measured at amortised cost	**218,755,270**	**4,389,657**	**1,653,276**	**224,798,203**

	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)	200,185,026	6,965,596	3,564,265	210,714,887
Less: Allowance for impairment losses	(1,784,070)	(1,487,108)	(1,813,687)	(5,084,865)
Net carrying amount of loans and advances to customers measured at amortised cost	198,400,956	5,478,488	1,750,578	205,630,022

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(4) Loans and advances and allowance for impairment losses analysis (Continued)

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

	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 FVOCI	**20,813,503**	**–**	**–**	**20,813,503**
Allowance for impairment losses included in other comprehensive income	**(68,854)**	**–**	**–**	**(68,854)**

	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 FVOCI	18,065,277	–	–	18,065,277
Allowance for impairment losses included in other comprehensive income	(56,031)	–	–	(56,031)

Note:

(i) The definition of the credit-impaired financial assets is set out in Note 44(1) Credit risk.

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(5) Movements of allowance for impairment losses

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

(i) Movements of allowance 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	**1,784,070**	**1,487,108**	**1,813,687**	**5,084,865**
Transfer to:				
– 12-month ECL	**(32,786)**	**32,786**	**–**	**–**
– Lifetime ECL				
– not credit-impaired loans	**413,456**	**(607,003)**	**193,547**	**–**
– credit-impaired loans	**–**	**13,272**	**(13,272)**	**–**
(Reversal)/Charge for the period	**(171,010)**	**444,924**	**1,395,221**	**1,669,135**
Recoveries of loans and advances previously written-off	**–**	**–**	**581,225**	**581,225**
Write-offs and others	**–**	**–**	**(1,599,136)**	**(1,599,136)**
As at 30 June 2026	**1,993,730**	**1,371,087**	**2,371,272**	**5,736,089**

	2025			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2025	1,984,218	1,275,953	1,343,868	4,604,039
Transfer to:				
– 12-month ECL	36,430	(36,430)	–	–
– Lifetime ECL				
– not credit-impaired loans	(72,829)	89,633	(16,804)	–
– credit-impaired loans	–	(481,002)	481,002	–
(Reversal)/Charge for the year	(163,749)	638,954	2,799,286	3,274,491
Recoveries of loans and advances previously written-off	–	–	377,693	377,693
Write-offs and others	–	–	(3,171,358)	(3,171,358)
As at 31 December 2025	1,784,070	1,487,108	1,813,687	5,084,865

(Expressed in thousands of Renminbi, unless otherwise stated)

16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

(5) Movements of allowance for impairment losses (Continued)

(ii) Movements of the allowance for impairment losses on loans and advances to customers measured at FVOCI 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	56,031	–	–	56,031
Charge for the period	12,823	–	–	12,823
As at 30 June 2026	68,854	–	–	68,854

	2025			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2025	15,911	–	–	15,911
Charge for the year	40,120	–	–	40,120
As at 31 December 2025	56,031	–	–	56,031

Allowance for impairment losses on loans and advances to customers 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 loans and advances to customers presented in the statement of financial position.

(Expressed in thousands of Renminbi, unless otherwise stated)

17 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026	31 December 2025
Debt securities, analysed by type of issuers:		
– Banks and other financial institutions	**1,662,282**	1,907,755
– Corporates	**–**	144,404
Sub-total	**1,662,282**	2,052,159
Asset-backed securities	**544,986**	612,366
Fund Investments	**6,875,145**	6,591,283
Investment management products	**2,934,329**	3,607,252
Repossessed equity	**48,632**	55,021
Total	**12,065,374**	12,918,081
Listed	**48,632**	55,021
Of which: listed outside Hong Kong	**48,632**	55,021
Unlisted	**12,016,742**	12,863,060
Total	**12,065,374**	12,918,081

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2026	31 December 2025
Debt securities, analysed by type of issuers:		
– Government	32,093,845	27,987,500
– Policy banks	26,611,849	16,420,947
– Banks and other financial institutions	25,705,872	30,456,202
– Corporates	6,450,285	7,358,442
Accrued interest	848,467	934,642
Sub-total	91,710,318	83,157,733
Certificates of interbank deposit	5,358,935	1,386,230
Asset-backed securities	537,926	310,403
Accrued interest	4,238	1,911
Sub-total	542,164	312,314
Equity instruments	315,036	315,036
Total	97,926,453	85,171,313
Unlisted	97,926,453	85,171,313

Notes:

(i) The Group designates part of non-trading equity instruments as financial investments measured at fair value through other comprehensive income.

(ii) For the period ended 30 June 2026, the Group's cash dividends received from equity instruments measured at fair value through other comprehensive income was nil (For the period ended 30 June 2025: RMB0.64 million).

(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(1) Movements of allowance for impairment losses of debt investments 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	**35,229**	**–**	**–**	**35,229**
Reversal for the period	**(4,461)**	**–**	**–**	**(4,461)**
As at 30 June 2026	**30,768**	**–**	**–**	**30,768**

	2025			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2025	24,502	–	–	24,502
Charge for the year	10,727	–	–	10,727
As at 31 December 2025	35,229	–	–	35,229

Allowance for impairment losses on financial investments measured at fair value through other comprehensive income is recognised in other comprehensive income without decreasing the carrying amount of financial investments presented in the consolidated statements of financial position, and impairment loss or gain is recognised in the profit or loss.

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST

	Note	**30 June 2026**	31 December 2025
Debt securities, analysed by type of issuers:			
– Government		**46,583,558**	47,638,920
– Policy banks		**18,169,145**	17,233,351
– Banks and other financial institutions		**9,385,838**	9,599,687
– Corporates		**10,830,459**	11,567,284
Accrued interest		**1,438,460**	1,653,854
Sub-total		**86,407,460**	87,693,096
Investment management products		**3,545,539**	3,697,865
Accrued interest		**115,608**	141,749
Sub-total		**3,661,147**	3,839,614
Asset-backed securities		**377,721**	487,399
Accrued interest		**1,905**	5,411
Sub-total		**379,626**	492,810
Less: Allowance for impairment losses	*19(1)*	**(2,947,238)**	(2,402,516)
Total		**87,500,995**	89,623,004
Unlisted		**87,500,995**	89,623,004

(Expressed in thousands of Renminbi, unless otherwise stated)

19 FINANCIAL INVESTMENTS MEASURED AT AMORTISED COST (CONTINUED)

(1) Movements of allowance for impairment losses of 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	**44,184**	**941,247**	**1,417,085**	**2,402,516**
Transfer to:				
– Lifetime ECL				
– credit-impaired	**–**	**(941,247)**	**941,247**	**–**
(Reversal)/Charge for the period	**(805)**	**–**	**545,527**	**544,722**
As at 30 June 2026	**43,379**	**–**	**2,903,859**	**2,947,238**

	2025			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2025	41,163	410,568	1,897,551	2,349,282
Charge for the year	3,021	530,679	369,534	903,234
Write-offs	–	–	(850,000)	(850,000)
As at 31 December 2025	44,184	941,247	1,417,085	2,402,516

20 INVESTMENT IN SUBSIDIARY

	30 June 2026	31 December 2025
Shandong Tongda Financial Leasing Co., Ltd. (山東通達金融租賃有限公司)	**1,047,500**	1,047,500
Total	**1,047,500**	1,047,500

The subsidiary is 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
Shandong Tongda Financial Leasing Co., Ltd. *(Note (i))*	54.55%	54.55%	1,650,000	1,047,500	Jinan, Shandong	Financial leasing

Note:

(i) Shandong Tongda Financial Leasing Co., Ltd. ("**Tongda**"), a limited liability company which was incorporated on 6 June 2016 in Shandong Province, the PRC with registered capital of RMB1,650.0 million. The principal business of Tongda is the provision of financial leasing services in the PRC. As at 30 June 2026, the Bank holds 54.55% of equity interests of Tongda (31 December 2025: 54.55%).

21 LEASE RECEIVABLES

	30 June 2026	31 December 2025
Minimum finance lease receivables	**12,250,343**	10,664,634
Less: Unearned finance lease income	**(4,043,085)**	(3,781,758)
Present value of finance lease receivables	**8,207,258**	6,882,876
Finance leaseback receivables	**30,500,356**	26,492,805
Sub-total	**38,707,614**	33,375,681
Accrued interest	**384,598**	353,266
Less: Allowance for impairment losses	**(1,361,546)**	(1,024,470)
Carrying amount	**37,730,666**	32,704,477

(Expressed in thousands of Renminbi, unless otherwise stated)

21 LEASE RECEIVABLES (CONTINUED)

Movements of the allowance for impairment losses on lease receivables 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	672,388	161,984	190,098	1,024,470
Transfer to:				
– 12-month ECL	35,569	(35,569)	–	–
– Lifetime ECL				
– not credit-impaired	(231)	231	–	–
– credit-impaired	–	(16,697)	16,697	–
Charge for the period	138,977	40,690	156,624	336,291
Recovery of write-off	–	–	785	785
As at 30 June 2026	846,703	150,639	364,204	1,361,546

	2025			
	12-month ECL	Lifetime ECL- not credit-impaired	Lifetime ECL- credit-impaired	Total
As at 1 January 2025	392,577	214,589	153,620	760,786
Transfer to:				
– 12-month ECL	32,688	(32,688)	–	–
– Lifetime ECL				
– not credit-impaired	(3,703)	3,703	–	–
– credit-impaired	–	(31,710)	31,710	–
Charge for the year	250,826	8,090	220,726	479,642
Write-offs and others	–	–	(215,958)	(215,958)
As at 31 December 2025	672,388	161,984	190,098	1,024,470

(Expressed in thousands of Renminbi, unless otherwise stated)

21 LEASE RECEIVABLES (CONTINUED)

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

	30 June 2026		
	Minimum finance lease receivables	**Unearned finance income**	**Present value of finance lease receivables**
Less than 1 year (inclusive)	**1,312,086**	**(505,906)**	**806,180**
1 year to 2 years (inclusive)	**1,189,745**	**(458,703)**	**731,042**
2 years to 3 years (inclusive)	**1,015,665**	**(416,266)**	**599,399**
3 years to 4 years (inclusive)	**936,346**	**(380,080)**	**556,266**
4 years to 5 years (inclusive)	**836,880**	**(346,804)**	**490,076**
More than 5 years	**6,959,621**	**(1,935,326)**	**5,024,295**
Total	**12,250,343**	**(4,043,085)**	**8,207,258**

	31 December 2025		
	Minimum finance lease receivables	Unearned finance income	Present value of finance lease receivables
Less than 1 year (inclusive)	1,072,458	(439,011)	633,447
1 year to 2 years (inclusive)	965,959	(399,532)	566,427
2 years to 3 years (inclusive)	814,915	(366,663)	448,252
3 years to 4 years (inclusive)	740,981	(338,810)	402,171
4 years to 5 years (inclusive)	684,029	(313,262)	370,767
More than 5 years	6,386,292	(1,924,480)	4,461,812
Total	10,664,634	(3,781,758)	6,882,876

(Expressed in thousands of Renminbi, unless otherwise stated)

22 PROPERTY AND EQUIPMENT

	Premises *Note(i)*	Machinery	Property improvements	Office equipment	Motor vehicles	Total
Cost						
As at 1 January 2025	1,610,190	2,445,576	312,210	557,720	19,703	4,945,399
Additions	123,251	1,089,459	23,830	43,648	3,722	1,283,910
Transfer from investment properties	605	–	–	–	–	605
Transfer to investment properties	(25,784)	–	–	–	–	(25,784)
Disposals	–	(4,513)	–	(98,211)	(4,081)	(106,805)
As at 31 December 2025	**1,708,262**	**3,530,522**	**336,040**	**503,157**	**19,344**	**6,097,325**
Additions	**957**	**–**	**4,088**	**17,422**	**–**	**22,467**
As at 30 June 2026	**1,709,219**	**3,530,522**	**340,128**	**520,579**	**19,344**	**6,119,792**
Accumulated depreciation						
As at 1 January 2025	(276,698)	(107,547)	(243,710)	(408,433)	(16,559)	(1,052,947)
Charge for the year	(40,550)	(119,806)	(16,718)	(52,212)	(758)	(230,044)
Transfer from investment properties	(334)	–	–	–	–	(334)
Transfer to investment properties	16,959	–	–	–	–	16,959
Disposals	–	208	–	93,362	3,877	97,447
As at 31 December 2025	**(300,623)**	**(227,145)**	**(260,428)**	**(367,283)**	**(13,440)**	**(1,168,919)**
Charge for the period	**(20,483)**	**(68,485)**	**(7,212)**	**(26,464)**	**(513)**	**(123,157)**
As at 30 June 2026	**(321,106)**	**(295,630)**	**(267,640)**	**(393,747)**	**(13,953)**	**(1,292,076)**
Allowance for impairment losses						
As at 30 June 2026	**(5,680)**	**–**	**–**	**–**	**–**	**(5,680)**
As at 31 December 2025	**(5,680)**	**–**	**–**	**–**	**–**	**(5,680)**
Net book value						
As at 30 June 2026	**1,382,433**	**3,234,892**	**72,488**	**126,832**	**5,391**	**4,822,036**
As at 31 December 2025	1,401,959	3,303,377	75,612	135,874	5,904	4,922,726

(Expressed in thousands of Renminbi, unless otherwise stated)

22 PROPERTY AND EQUIPMENT (CONTINUED)

Note:

(i) The net book value of premises as at the end of each reporting period are analysed by the remaining terms of the leases as follows:

	30 June 2026	31 December 2025
Held in mainland China		
– Medium-term leases (10-50 years)	**1,369,347**	1,388,663
– Long-term leases (over 50 years)	**13,086**	13,296
Total	**1,382,433**	1,401,959

As at 30 June 2026, the net book value of the Group's premises with incomplete title deeds of the Group was RMB595.0 million (31 December 2025: RMB602.5 million). The management believes that the incomplete title deeds would not affect the Group's rights to these assets nor have any significant impact on the Group's operations.

23 RIGHT-OF-USE ASSETS

	Properties
Cost	
As at 1 January 2025	724,595
Additions	113,033
Disposals	(61,885)
As at 31 December 2025	**775,743**
Additions	**8,085**
Disposals	**–**
As at 30 June 2026	**783,828**
Accumulated depreciation	
As at 1 January 2025	(260,532)
Charge for the year	(101,234)
Disposals	61,886
As at 31 December 2025	**(299,880)**
Charge for the period	**(51,441)**
Disposals	**–**
As at 30 June 2026	**(351,321)**
Net book value	
As at 30 June 2026	**432,507**
As at 31 December 2025	475,863

(Expressed in thousands of Renminbi, unless otherwise stated)

24 DEFERRED TAX

(1) Analysed by nature

	30 June 2026		31 December 2025	
	Deductible/ (taxable) temporary differences	**Deferred income tax assets/ (liabilities)**	Deductible temporary differences	Deferred income tax assets
– Allowance for impairment losses	**15,519,444**	**3,879,861**	15,011,456	3,752,864
– Accrued staff costs and others	**932,772**	**233,193**	873,380	218,345
– Change in fair value	**(39,708)**	**(9,927)**	255,892	63,973
Net balances	**16,412,508**	**4,103,127**	16,140,728	4,035,182

(2) Analysed by movement

	Allowance for Impairment losses	Accrued staff costs and others	Change in fair value	Total
As at 1 January 2025	3,236,800	177,504	(547,747)	2,866,557
Recognised in profit or loss	516,064	40,841	83,327	640,232
Recognised in other comprehensive income	–	–	528,393	528,393
As at 31 December 2025	**3,752,864**	**218,345**	**63,973**	**4,035,182**
Recognised in profit or loss	**126,997**	**14,848**	**8,307**	**150,152**
Recognised in other comprehensive income	**–**	**–**	**(82,207)**	**(82,207)**
As at 30 June 2026	**3,879,861**	**233,193**	**(9,927)**	**4,103,127**

(Expressed in thousands of Renminbi, unless otherwise stated)

25 OTHER ASSETS

	Notes	**30 June 2026**	31 December 2025
Interest receivables	*25(1)*	**279,036**	267,647
Prepaid expenses *(Note (i))*		**199,696**	142,737
Intangible assets	*25(2)*	**182,490**	179,915
Leasehold improvements		**2,933**	3,261
Repossessed assets	*25(3)*	**246,090**	253,936
Land use rights	*25(4)*	**9,464**	9,599
Deductible input Value Added Tax ("**VAT**")		**1,120,347**	961,827
Others *(Note (ii))*		**1,522,592**	414,237
Sub-total		**3,562,648**	2,233,159
Less: Allowance for impairment losses		**(207,726)**	(146,733)
Total		**3,354,922**	2,086,426

Notes:

(i) Prepaid expenses include prepayment to contractors for systems designs and maintenance, renovations and the other prepaid expenses.

(ii) Others mainly include settlement and clearing accounts, other receivables, derivative financial assets, investment properties, etc.

(1) Interest receivables

	30 June 2026	31 December 2025
Interest receivable arising from:		
– Financial investments	**232,392**	232,505
– Loans and advances to customers	**43,511**	34,566
– Others	**3,133**	576
Sub-total	**279,036**	267,647
Less: Allowance for impairment losses	**(183,362)**	(130,369)
Total	**95,674**	137,278

As at the end of each reporting period, interest receivables only include interests that have been due for the relevant financial instruments but not yet received at the reporting date. Interests on financial instruments based on the effective interest method have been reflected in the balance of corresponding financial instruments.

(Expressed in thousands of Renminbi, unless otherwise stated)

25 OTHER ASSETS (CONTINUED)

(2) Intangible assets

	Computer software and system development
Cost	
As at 1 January 2025	386,240
Additions	80,670
As at 31 December 2025	**466,910**
Additions	**36,034**
As at 30 June 2026	**502,944**
Accumulated amortisation	
As at 1 January 2025	(228,411)
Charge for the year	(58,584)
As at 31 December 2025	**(286,995)**
Charge for the period	**(33,459)**
As at 30 June 2026	**(320,454)**
Net book value	
As at 30 June 2026	**182,490**
As at 31 December 2025	179,915

(Expressed in thousands of Renminbi, unless otherwise stated)

25 OTHER ASSETS (CONTINUED)

(3) Repossessed assets

	30 June 2026	31 December 2025
Land use right and buildings	**246,090**	253,936
Less: Allowance for impairment losses	**(16,795)**	(11,448)
Net balances	**229,295**	242,488

(4) Land use rights

	30 June 2026	31 December 2025
Located in mainland China:		
10 – 50 years	**9,464**	9,599

26 BORROWINGS FROM THE CENTRAL BANK

	30 June 2026	31 December 2025
Borrowings	**20,062,656**	16,823,671
Re-discounted bills	**5,014,835**	2,172,490
Accrued interest	**29,861**	8,813
Total	**25,107,352**	19,004,974

27 DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2026	31 December 2025
In Chinese mainland		
– Banks	**153,976**	1,153,828
– Other financial institutions	**2,177,629**	2,206,537
Accrued interest	**4,426**	5,803
Total	**2,336,031**	3,366,168

(Expressed in thousands of Renminbi, unless otherwise stated)

28 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2026	31 December 2025
In Chinese mainland		
– Banks	**37,629,987**	32,524,320
– Other financial institutions	**1,767,000**	1,885,800
Accrued interest	**245,038**	289,254
Total	**39,642,025**	34,699,374

29 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026	31 December 2025
Financial liabilities measured at FVTPL		
– Short selling of bonds	**1,187,858**	977,830
Total	**1,187,858**	977,830

30 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

(1) Analysed by type and location of counterparty

	30 June 2026	31 December 2025
In Chinese mainland		
– Banks	**9,790,000**	6,982,197
– Other financial institutions	**700,000**	–
Accrued interest	**1,384**	321
Total	**10,491,384**	6,982,518

(Expressed in thousands of Renminbi, unless otherwise stated)

30 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (CONTINUED)

(2) Analysed by types of collaterals

	30 June 2026	31 December 2025
Debt securities	10,490,000	6,683,053
Discounted bills	–	299,144
Accrued interest	1,384	321
Total	10,491,384	6,982,518

31 DEPOSITS FROM CUSTOMERS

	30 June 2026	31 December 2025
Demand deposits		
– Corporate customers	50,225,544	54,976,586
– Personal customers	13,069,392	11,529,785
Sub-total	63,294,936	66,506,371
Time deposits		
– Corporate customers	116,478,714	107,120,781
– Personal customers	187,049,282	168,700,050
Sub-total	303,527,996	275,820,831
Inward and outward remittances	4,764	5,427
Accrued interest	7,340,309	8,943,181
Total	374,168,005	351,275,810
Including:		
Margin deposits	37,472,316	25,006,664

(Expressed in thousands of Renminbi, unless otherwise stated)

32 DEBT SECURITIES ISSUED

	Notes	**30 June 2026**	31 December 2025
Certificates of interbank deposit	*(1)*	**25,048,635**	27,853,262
Tier-two capital debts	*(2)*	**4,699,943**	4,699,938
Financial bonds	*(3)*	**15,999,898**	15,999,762
Interests accrued		**328,058**	162,129
Total		**46,076,534**	48,715,091

Notes:

(1) Certificates of interbank deposit

i. In 2025, the Bank issued a number of certificates of interbank deposits with total nominal amount RMB56,630.0 million and duration between 1 to 12 months. The coupon interest rates ranged from 1.57% to 2.13% per annum.

ii. During the six months ended 30 June 2026, the Bank issued a number of certificates of interbank deposits with total nominal amount RMB19,650.0 million and duration between 1 to 12 months. The coupon interest rates ranged from 1.33% to 1.68% per annum.

iii. As at 30 June 2026, the fair value of certificates of interbank deposits issued was RMB25,054.5 million (31 December 2025: RMB27,855.7 million).

(2) Tier-two capital debts

i. The Bank issued 10-year fixed interest rate tier-two capital debts with face value of RMB2,700.0 million on 29 July 2022. The coupon interest rate per annum is 3.80%.

ii. The Bank issued 10-year fixed interest rate tier-two capital debts with face value of RMB2,000.0 million on 23 October 2025. The coupon interest rate per annum is 2.60%.

iii. As at 30 June 2026, the fair value of the tier-two capital debts issued was RMB4,932.3 million (31 December 2025: RMB4,816.0 million).

(3) Financial bonds

i. On 14 July 2023, the Bank issued 3-year fixed interest rate green financial bonds with face value of RMB5,000.0 million. The coupon interest rate per annum is 2.70%.

ii. On 24 June 2024, the Bank issued 3-year financial bonds specialised for small and micro enterprises with face value of RMB4,000.0 million. The coupon interest rate per annum is 2.10%.

iii. On 28 November 2025, the Bank issued 5-year fixed interest rate sci-tech innovation bonds with face value of RMB1,000.0 million. The coupon interest rate per annum is 1.94%.

(Expressed in thousands of Renminbi, unless otherwise stated)

32 DEBT SECURITIES ISSUED (CONTINUED)

Notes: (Continued)

(3) Financial bonds (Continued)

iv. On 17 December 2025, the Bank issued 3-year fixed interest rate green financial bonds with face value of RMB2,000.0 million. The coupon interest rate per annum is 1.85%.

v. On 19 December 2025, the Bank issued 3-year financial bonds specialised for small and micro enterprises with face value of RMB4,000.0 million. The coupon interest rate per annum is 1.85%.

vi. As at 30 June 2026, the fair value of the financial bonds issued was RMB16,266.6 million (31 December 2025: RMB16,124.4 million).

33 OTHER LIABILITIES

	Notes	**30 June 2026**	31 December 2025
Accrued staff costs	*33(1)*	**839,362**	936,948
Dividend payable		**689,040**	2,241
Leasing deposits		**565,393**	574,398
Settlement and clearing accounts		**477,494**	104,776
Receipt in advances		**260,052**	378,983
Agency business liabilities		**318,392**	287,122
Other tax payables		**226,894**	219,916
Output VAT payable		**94,496**	97,141
Interest payable		**68,768**	48,999
Provision	*33(2)*	**63,399**	65,807
Others		**432,029**	463,788
Total		**4,035,319**	3,180,119

(1) Accrued staff costs

	30 June 2026	31 December 2025
Salary, bonuses and allowances payable	**745,228**	852,256
Social insurance payable	**446**	–
Others	**93,688**	84,692
Total	**839,362**	936,948

(Expressed in thousands of Renminbi, unless otherwise stated)

33 OTHER LIABILITIES (CONTINUED)

(2) Provision

	30 June 2026	31 December 2024
Expected credit loss on credit commitments	**63,399**	59,108
Estimated litigation loss	**–**	6,699
Total	**63,399**	65,807

Movements of expected credit loss on credit commitments are as follows:

	Six months ended 30 June 2026			
	Expected credit losses over the next 12 months	**Lifetime expected credit losses not credit-impaired**	**Lifetime expected credit losses credit-impaired**	**Total**
As at 1 January 2026	**59,108**	**–**	**–**	**59,108**
Charge for the period	**4,291**	**–**	**–**	**4,291**
As at 30 June 2026	**63,399**	**–**	**–**	**63,399**

	2025			
	12-month ECL	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
As at 1 January 2025	56,507	–	–	56,507
Charge for the year	2,601	–	–	2,601
As at 31 December 2025	59,108	–	–	59,108

34 SHARE CAPITAL

Authorised and issued share capital

	30 June 2026	31 December 2025
Ordinary shares in Mainland China	**5,710,328**	4,971,197
Ordinary shares listed in Hong Kong *(H-share)*	**1,158,861**	1,008,861
Total (in thousands)	**6,869,189**	5,980,058

In June 2026, the Bank issued 739.1 million ordinary domestic shares with a nominal value of RMB1 per share at RMB3.29 per share, issued 150.0 million ordinary H shares with a nominal value of RMB1 per share at HKD3.61 per share. After deducting the related issuance costs, the premium arising from the domestic Shares and H Shares Issuance amounting to RMB2,011.3 million was recorded in share premium. After the completion of the above share issues, the balance of the share capital was RMB6,869.2 million.

35 OTHER EQUITY INSTRUMENTS

	30 June 2026	31 December 2025
Perpetual bonds	**5,999,092**	5,999,092
Total	**5,999,092**	5,999,092

On 23 June 2025, the Bank issued RMB2 billion undated capital bonds in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years is 2.40%, resetting every 5 years.

On 20 November 2024, the Bank issued RMB2.9 billion undated capital bonds in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years is 2.90%, resetting every 5 years.

On 29 November 2021, the Bank issued RMB1.1 billion undated capital bonds in the domestic interbank bond market. The denomination of these Bonds is RMB100 each, and the annual coupon rate of the Bonds for the first 5 years is 4.80%, resetting every 5 years.

The duration of the Perpetual bonds is the same as the continuing operation of the Bank. Subject to the satisfaction of the redemption conditions and having obtained the prior recognition of the NFRA, the Bank may redeem the Bonds in whole or in part on each distribution payment date from the fifth anniversary since the issuance date of the Bonds. Upon the occurrence of a trigger event for write-downs, with the approval of the NFRA and without the need for the consent of the holders of the Bonds, the Bank has the right to write down all or part of the aggregate amount of the Bonds then issued and outstanding. The claims of the holders of the Bonds will be subordinated to the claims of depositors, general creditors and subordinated indebtedness that ranks senior to the Bonds; and shall rank in priority to all classes of shares held by shareholders and 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 Bonds.

(Expressed in thousands of Renminbi, unless otherwise stated)

35 OTHER EQUITY INSTRUMENTS (CONTINUED)

The distributions on the Perpetual bonds are non-cumulative. The Bank shall have the right to cancel distributions on the Bonds in whole or in part and any such cancellation shall not constitute an event of default. The Bank may at its discretion use the proceeds from the cancelled distribution to meet other obligations as they fall due. But the Bank shall not make any distribution to ordinary shareholders until its decision to resume the distribution payments in whole to the holders of the Bonds.

The net proceeds from the issuance of the Perpetual bonds were used to replenish the Bank's additional tier 1 capital.

The carrying amount of the undated capital bonds issued by the Bank, net of direct issuance expenses, was RMB5.999 billion as at 30 June 2026 (31 December 2025: RMB5.999 billion).

36 CAPITAL RESERVE

	30 June 2026	31 December 2025
Share premium	**6,944,712**	4,933,399
Other capital reserve	**(8,264)**	2,423,473
Total	**6,936,448**	7,356,872

As at 31 December 2025, the Bank has completed all necessary approval procedures for the domestic share capital increase and received RMB2,431.7 million from shareholders, which were temporarily recorded in other capital reserves. Upon completion of the issuance in June 2026, RMB739.1 million was transferred to share capital and RMB1,692.6 million to share premium. In June 2026, the Bank conducted a private placement of 150.0 million H shares at a price of HKD3.61 per share, with a par value of RMB1 per share, of which RMB150.0 million was recorded as share capital and RMB318.7 million as share premium.

(Expressed in thousands of Renminbi, unless otherwise stated)

37 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2026						
	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: Changes in fair value of financial assets designated at fair value through other comprehensive income	(98,746)	–	–	–	–	–	(98,746)
Items that may be reclassified to profit or loss							
Including: Changes in fair value from financial assets measured at FVOCI	307,692	597,032	(268,203)	–	(82,207)	246,622	554,314
Credit losses of financial assets measured at FVOCI	68,446	74,539	(66,177)	–	(2,091)	6,271	74,717
Total	277,392	671,571	(334,380)	–	(84,298)	252,893	530,285

(Expressed in thousands of Renminbi, unless otherwise stated)

37 OTHER COMPREHENSIVE INCOME (CONTINUED)

	2025						
	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: Changes in fair value of financial assets designated at fair value through other comprehensive income	(98,746)	–	–	–	–	–	(98,746)
Items that may be reclassified to profit or loss							
Including: Changes in fair value from financial assets measured at FVOCI	1,892,869	(1,333,487)	(780,083)	–	528,393	(1,585,177)	307,692
Credit losses of financial assets measured at FVOCI	30,311	81,750	(30,903)	–	(12,712)	38,135	68,446
Total	1,824,434	(1,251,737)	(810,986)	–	515,681	(1,547,042)	277,392

38 SURPLUS RESERVE

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

Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP) after making good prior year's accumulated loss, to statutory surplus reserve until the balance reaches 50% of its registered capital.

The Bank may also appropriate discretionary surplus reserve in accordance with the resolution of the shareholders.

39 GENERAL RESERVE

The balance of the general reserve of the Group amounted to RMB5,543.5 million as at 30 June 2026 (31 December 2025: RMB4,657.7 million).

40 RETAINED EARNINGS

(1) Profit appropriations

i. Profit appropriations for the year of 2025

In accordance with the resolution at the Bank's Annual General Meeting held on 29 June 2026, the shareholders approved the following profit appropriations for the year ended 31 December 2025:

– Appropriation of statutory surplus reserve based on 10% of the net profit;

– Appropriation of general reserve amounted to approximately RMB820.0 million; and

– Declaration of cash dividend in an aggregation amount of approximately RMB686.9 million to shareholders whose names appear on the register of member of the Bank on 16 July 2026.

ii. Profit appropriations for the year of 2024

In accordance with the resolution at the Bank's Annual General Meeting held on 18 June 2025, the shareholders approved the following profit appropriations for the year ended 31 December 2024:

– Appropriation of statutory surplus reserve based on 10% of the net profit;

– Appropriation of general reserve amounted to approximately RMB465.6 million; and

– Declaration of cash dividend in an aggregation amount of approximately RMB598.0 million to shareholders whose names appear on the register of member of the Bank on 30 June 2025.

(Expressed in thousands of Renminbi, unless otherwise stated)

40 RETAINED EARNINGS (CONTINUED)

(2) Distribution of interest on perpetual bonds

i. Distribution of interest on perpetual bonds for half year of 2026

A distribution payment related to the 2025 Domestic Perpetual, at the distribution rate of 2.40% with the total amount of RMB2.0 billion, amounting to RMB48.0 million in total was distributed on 25 June 2026.

ii. Distribution of interest on perpetual bonds for the year of 2025

A distribution payment related to the 2021 Domestic Perpetual Bond, at the distribution rate of 4.80% with the total amount of RMB1.1 billion, amounting to RMB52.8 million in total was distributed on 1 December 2025.

A distribution payment related to the 2024 Domestic Perpetual Bond Series 1, at the distribution rate of 2.90% with the total amount of RMB2.9 billion, amounting to RMB84.1 million in total was distributed on 22 November 2025.

41 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents:

	30 June 2026	30 June 2025
Cash	**286,866**	243,325
Surplus deposit reserves with the central bank	**12,874,513**	7,728,506
Original maturity within three months:		
– Deposits with banks and other financial institutions	**2,684,308**	1,351,024
– Placements with banks and other financial institutions	**–**	178,965
– Financial investments	**10,000**	1,206,994
Total	**15,855,687**	10,708,814

(Expressed in thousands of Renminbi, unless otherwise stated)

42 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) Relationship of related parties

(i) Major shareholders

Major shareholders include shareholders of the Bank with direct or indirect 5% or above shareholding, or with the appointment of a director in the Bank.

Shareholdings in the Bank:

	Number of ordinary shares of the Bank held by the Company	**30 June 2026**	31 December 2025	Principal activities
Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司)	2,442,372	**35.56%**	35.56%	Road Transportation
Weihai Municipal Finance Bureau (威海市財政局)	919,672	**13.39%**	15.38%	–
Shandong Hi-Speed Company Limited (山東高速股份有限公司)	797,137	**11.60%**	11.60%	Road Transportation

The official names of these related parties are in Chinese. The English translation is for reference only.

(ii) Subsidiary of the Bank

The detailed information of the Bank's subsidiary is set out in Note 20.

(iii) Other related parties

Other related parties may be individuals or enterprises, including key management personnel of the Bank, close family members thereof, and entities controlled, jointly controlled or significantly influenced by key management personnel and close family members thereof; And entities controlled or jointly controlled by the Bank's substantial shareholder or its controlling shareholder as stated in Note 42 (1).

(Expressed in thousands of Renminbi, unless otherwise stated)

42 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(2) Main transactions with related parties other than key management personnel

(i) Main transactions between the Bank and major shareholders:

	Six months ended 30 June	
	2026	2025
Transactions during the period		
Interest expense	**29,688**	23,362
Fee and commission income	**9**	18

	30 June 2026	31 December 2025
Balances at end of the period/year		
Deposits from customers	**7,932,560**	18,060,990

(ii) Main transactions between the Bank and its subsidiary:

	Six months ended 30 June	
	2026	2025
Transactions during the period		
Interest income	**32,401**	38,190
Interest expense	**3,621**	2,738
Rental income	**1,615**	1,377

	30 June 2026	31 December 2025
Balances at end of the period/year		
Loans and advances to customers and placements with banks and other financial institutions	**2,565,539**	2,839,826
Deposits from customers and deposits from banks and other financial institutions	**308,326**	–

All intra group transactions and balances have been eliminated in the preparation of the consolidated financial statements.

(Expressed in thousands of Renminbi, unless otherwise stated)

42 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(2) Main transactions with related parties other than key management personnel (Continued)

(iii) Main transactions between the Bank and other related parties:

	Six months ended 30 June	
	2026	2025
Transactions during the period		
Interest income	**170,341**	128,473
Interest expense	**35,016**	40,859
Fee and commission income	**6,797**	7,993
Rental expenses	**905**	617

	30 June 2026	31 December 2025
Balances at end of the period/year		
Loans and advances to customers	**5,527,276**	3,599,618
Deposits from customers and deposits from banks and other financial institutions	**7,692,626**	7,341,292
Financial investments	**1,971,329**	2,150,365
Bank acceptances	**576,094**	72,808
Letters of guarantees	**153,327**	154,402
Letters of credit	**1,475,285**	983,856

(3) Key management personnel

The key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Bank, directly or indirectly, including members of the board of directors and senior management.

(Expressed in thousands of Renminbi, unless otherwise stated)

42 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(3) Key management personnel (Continued)

(i) Main transactions between the Bank and key management personnel:

	Six months ended 30 June	
	2026	2025
Transactions during the period		
Interest income	**9**	10
Interest expense	**1**	147

	30 June 2026	31 December 2025
Balances at end of the period/year		
Loans and advances to customers	**648**	594
Deposits from customers	**971**	1,192

(ii) Key management personnel compensation:

	Six months ended 30 June	
	2026	2025
Key management personnel compensation	**6,467**	8,679

(4) Loans and advances to key management personnel

	30 June 2026	31 December 2025
Aggregate amount of relevant loans outstanding at the end of the period/year	**568**	588
Maximum aggregate amount of relevant loans outstanding during the period/year	**588**	949

There were no amount due but unpaid at 30 June 2026 and 31 December 2025.

(5) Transactions with the annuity

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

43 SEGMENT REPORTING

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

Corporate banking

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

Retail banking

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

Financial market business

This segment covers the Group's Financial market business operations. The Financial market business enters into inter-bank money market transactions, repurchases transactions, investments and trades in debt securities. The Financial market business segment also covers management of the Group's overall liquidity position, including the issuance of debts.

Others

These represent assets, liabilities, income and expenses, which are not directly attributable or cannot be allocated to a segment on a reasonable basis.

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

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

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

(Expressed in thousands of Renminbi, unless otherwise stated)

43 SEGMENT REPORTING (CONTINUED)

	Six months ended 30 June 2026				
	Corporate banking	Retail banking	Financial market business	Others	Total
External net interest income/(expense)	3,980,998	(1,304,176)	1,912,109	–	4,588,931
Internal net interest (expense)/income	(571,576)	2,178,128	(1,606,552)	–	–
Net interest income	3,409,422	873,952	305,557	–	4,588,931
Net fee and commission income/(expense)	121,975	19,320	227,575	(4,208)	364,662
Net trading gains/(losses)	9,270	–	(3,787)	–	5,483
Net gains arising from investments	–	–	545,389	–	545,389
Other operating income	242,281	1,367	835	162	244,645
Operating income	3,782,948	894,639	1,075,569	(4,046)	5,749,110
Operating expenses	(857,363)	(263,479)	(168,491)	(30,264)	(1,319,597)
Credit impairment losses	(1,672,998)	(390,911)	(583,221)	–	(2,647,130)
Impairment losses on other assets	(5,347)	–	–	–	(5,347)
Profit/(losses) before taxation	1,247,240	240,249	323,857	(34,310)	1,777,036
Other segment information					
– Depreciation and amortisation	159,796	31,443	19,212	–	210,451
– Capital expenditure	36,876	13,424	8,202	–	58,502

	30 June 2026				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	250,526,117	51,984,977	233,539,406	420,522	536,471,022
Deferred tax assets					4,103,127
Total assets					540,574,149
Segment liabilities/Total liabilities	231,446,415	204,244,541	66,942,783	1,011,840	503,645,579
Credit commitments	85,978,131	3,096,860	–	–	89,074,991

(Expressed in thousands of Renminbi, unless otherwise stated)

43 SEGMENT REPORTING (CONTINUED)

	Six months ended 30 June 2025				
	Corporate banking	Retail banking	Financial market business	Others	Total
External net interest income/(expense)	3,041,916	(1,073,851)	1,679,830	–	3,647,895
Internal net interest (expense)/income	(164,586)	2,000,442	(1,835,856)	–	–
Net interest income/(expense)	2,877,330	926,591	(156,026)	–	3,647,895
Net fee and commission income/(expense)	109,132	(41,783)	380,693	–	448,042
Net trading gains/(losses)	6,422	–	(124,805)	–	(118,383)
Net gains arising from investments	–	–	926,822	–	926,822
Other operating income	145,720	4,385	2,867	(974)	151,998
Operating income	3,138,604	889,193	1,029,551	(974)	5,056,374
Operating expenses	(681,935)	(238,131)	(162,796)	(4,219)	(1,087,081)
Credit impairment losses	(1,560,489)	(455,844)	(508,225)	–	(2,524,558)
Profit/(losses) before taxation	896,180	195,218	358,530	(5,193)	1,444,735
Other segment information					
– Depreciation and amortisation	134,106	32,912	21,574	–	188,592
– Capital expenditure	1,142,214	41,778	27,385	–	1,211,377

	31 December 2025				
	Corporate banking	Retail banking	Financial market business	Others	Total
Segment assets	223,134,015	51,497,691	225,391,891	461,717	500,485,314
Deferred tax assets					4,035,182
Total assets					504,520,496
Segment liabilities/Total liabilities	219,318,635	185,767,174	63,377,855	681,017	469,144,681
Credit commitments	73,661,917	2,843,685	–	–	76,505,602

44 RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

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

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control procedures for monitoring risks level. Risk management policies and relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors is responsible for establishing and maintaining a robust and effective risk management system and determining general risk preference and risk tolerance of the Group. Based on the general strategy of the Group, the Risk Management Committee under the Board reviews the Group's risk management system and basic principles, risk management strategies and internal control system framework; supervises and evaluates the establishment, organization, processes and effectiveness of risk management departments; supervises and evaluates risk control by the management in aspects such as credit risk, market risk and operational risk; and conducts identification, monitoring, control and regular assessment of the Group's risk management and risk tolerance. Senior management led by the president will be responsible for the control of credit risk, market risk, operational risk and approval of related policies and procedures; Chief Risk Officer will be led by the president of the Bank. In addition, the Group set up departments such as the Department of Risk Management, Department of Credit Approval, Financial Planning Department, Department of Law and Compliance and Audit Department based on the requirements of general risk management to perform respective functions in risk management, strengthen risk-covering portfolio management capabilities and conduct inspection on compliance with risk management policy of internal control system on regular or irregular basis.

(1) Credit risk

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

(a) Credit business

To identify, assess, monitor and manage credit risks, the Group has designed effective system frameworks, credit policies and processes for credit risk management and implemented systematic control procedures. The responsible departments for credit risk management mainly include the Risk Management Department and Credit Approval Department. The Risk Management Department is responsible for implementing the Group's overall risk management system, risk monitoring and control and formulating risk management policies. The Credit Approval Department is independent from customer relationship and product management departments to ensure the independence of credit approval. Front office departments including Corporate Business Department, Retail Asset Department carry out credit businesses according to the Group's risk management policies and procedures.

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(a) Credit business (Continued)

The Group continuously improves the internal control mechanism and strengthens the management of all processes of the credit business. Based on effective checks and balances, the Group has established comprehensive assessment and accountability mechanisms, assigning responsibilities of credit management to the relevant departments and individuals.

For corporate and institutional businesses, the Group has established industry-, region-, product- and client-specific limits for credit approval. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

For personal credit operation business, credit assessment of applicants is used as the basis for loan approval. In the credit assessment, customer relationship managers are required to assess the income level, credit history, and repayment ability of the applicant. The customer relationship managers then forward the application and their recommendations to the loan-approval departments or personnel for approval. The Group monitors borrowers' repayment ability, the status of collateral and any changes to their value during the post-lending phase. Once a loan becomes overdue, the Group starts the recovery process according to standardised loan recovery procedures.

(b) Stages of risks in financial instrument

Stage 1: Financial assets have not experienced a significant increase in credit risk since origination and impairment is recognised on the basis of 12 months expected credit losses.

Stage 2: Financial assets have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses.

Stage 3: Financial assets that are in default and considered credit-impaired.

(c) Significant increase in credit risk

The Group assesses at each balance sheet date whether the credit risk of relevant financial instruments has significantly increased since initial recognition. When one or more quantitative or qualitative indicators are triggered, the Group considers that the credit risk of the financial instrument has significantly increased.

By setting quantitative and qualitative criteria, the Group determines whether the credit risk of financial instruments has increased significantly since initial recognition. The criteria mainly include days past due, material adverse changes in the borrower's operations or financial condition, changes in credit risk classification, and other circumstances indicating significant changes in credit risk.

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(d) Definition of "default" and "credit-impaired assets"

At each reporting date, the Group assesses whether a financial asset is 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 events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;

– the disappearance of an active market for the financial asset because of financial difficulties of the issuer; or

– principal or interest of instrument is more than 90 days past due.

The above criteria apply to all financial assets of the Group and they are consistent with the definition of "default" adopted by the internal management of credit risk.

*(e) Measurement of expected credit losses ("**ECLs**")*

The Group adopts ECL model to measures provision for loss of financial assets based on the stages categorised above. The ECL is the result of the discounted product of probability of default ("**PD**"), exposure at default ("**EAD**") and loss given default ("**LGD**"). The definitions of these terms are as follows:

– PD refers to the likelihood of a borrower defaulting on its financial obligation over the next 12 months or the remaining lifetime of the loan;

– EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;

– LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

*(e) Measurement of expected credit losses ("**ECLs**") (Continued)*

The Group determines the ECL by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future years. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default in an earlier period). By adopting this approach, the Group can calculate the ECL for the future periods. The results of calculation for each period are then discounted to the reporting date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The lifetime PD is deduced from using the maturity model or 12-month probability of default. The maturity model describes the pattern of default of the asset portfolio over its lifetime. The model is developed based on historical observational data and applicable to all assets in the same portfolio with the same credit rating. The above method is supported by empirical analysis.

The 12-month EAD and lifetime EAD are determined based on expected repayment arrangements, which are different according to different types of products.

- In respect of the financial assets with instalment repayments and bullet repayment, the Group determines 12-month or lifetime EAD according to the repayment schedule agreed in the contract, and makes adjustment based on prediction of overlimit repayment and prepayments/refinancing made by the borrower.

- As to the off-balance sheet credit commitments, the parameter of EAD is calculated using the current exposure method, and obtained from multiplying the nominal amount of the off-balance sheet items on the reporting date by the credit conversion factor (CCF).

- The Group determines the 12-month and lifetime LGD based on the factors that affects post-default recovery. LGD for different product types are different.

- As to secured financial assets, the Group determines the LGD according to the types of collaterals and their expected value, the discount rate at the compulsory sale, the recovery time and the estimated recovery cost.

- As to credit-based financial assets, the Group usually determines LGD in the product level due to the limited differences in recoverable amounts from different borrowers.

Forward-looking economic information should be considered when determining the 12-month and lifetime PD, EAD and LGD.

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

*(e) Measurement of expected credit losses ("**ECLs**") (Continued)*

The Group quarterly monitors and reviews assumptions related to the calculation of ECLs, including the changes in PD and the value of collaterals under the different time limits.

As at 30 June 2026 and 31 December 2025, there has been no significant changes in the estimate techniques and key assumptions of the Group.

Forward-looking information included in the ECL model is as follows:

- Both the assessment of significant increase in credit risk and the measurement of ECLs involve forward- looking information. Based on the analysis on historical data, the Group identified critical economic indicators that affect the credit risk and ECLs of all asset portfolios, including gross domestic product ("**GDP**"), consumer price index ("**CPI**"), money supply M2 ("**M2**"), fixed-asset investment etc. The Group identified the relations between these economic indicators and the PD historically by conducting regression analysis, and identified the expected PD by predicting the future economic indicators.

- When judging whether there is significant increase in credit risk, the Group multiplies the lifetime PD at the benchmark and under other scenarios by the weight of the scenarios, and considers the qualitative and maximum indicators. The Group measures relevant provision for loss by the weighted 12-month ECL (for stage 1) or the weighted lifetime ECL (for stage 2 and stage 3). The above weighted credit losses are calculated from multiplying the ECL under the different scenarios by the weight of the corresponding scenarios.

- Similar to other economic forecasts, there is high 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 expected credit losses were not adjusted accordingly. The Group reviews and monitors the appropriateness of the above assumptions on a quarterly basis.

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

*(e) Measurement of expected credit losses ("**ECLs**") (Continued)*

The Group adopts three economic scenarios in the ECL measurement to meet the requirements of IFRS 9. The "Baseline" scenario represents a most likely outcome and the other two scenarios, referred to as "Optimistic" scenario and "Pessimistic" scenario, represent less likely outcomes which are more optimistic or more pessimistic compared to Baseline scenario.

Historical data, economic trend, external forecast, etc. are also used as benchmarks to ensure the forecasts are reasonable.

The Group has performed historical analysis and identified the key economic variables impacting credit risk and ECLs for each asset portfolio such as the accumulated year-on-year growth rate of GDP, the accumulated year- on-year growth rate of fixed-asset investment, the accumulated year-on-year growth rate of CPI and M2. The Group evaluates and forecasts these economic indicators at least every six months and applied them in the impairment model.

Key/Major macroeconomic scenario assumptions used by the Group to assess ECL:

Macroeconomic Factor	30 June 2026 Range of the factors
Fixed-asset investment: accumulated year-on-year	**0.5%-4.5%**
CPI: accumulated year-on-year	**0.25%-1.8%**

The calculation of ECL is affected by macroeconomic factors and economic scenarios. The Group's view on the economic environment is reflected in the probability-weighted allocation of each scenario, with the base scenario assigned a higher probability weight to reflect the most likely outcome, while optimistic and pessimistic scenarios are assigned lower probability weights to reflect less likely outcomes.

The Group has conducted a sensitivity analysis on key economic variables used in forward-looking measurements. As at 30 June 2026, when there is a 5% fluctuation in optimistic or pessimistic scenario weights, or a 5% change in major economic indicators under the baseline scenario, the change in the allowance of ECLs would not exceed 5%.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(f) Maximum credit risk exposure

The following table provides an analysis of the exposure to credit risk of financial instruments applicable to the measurement of ECLs. The carrying amount of the following financial assets is the maximum exposure to credit risk of the Group:

	30 June 2026	31 December 2025
Deposits with the central bank	**33,046,686**	29,469,139
Deposits with banks and other financial institutions	**2,681,401**	3,638,459
Placements with banks and other financial institutions	**11,011,410**	10,705,945
Financial assets held under resale agreements	**–**	4,797,122
Loans and advances to customers	**245,611,706**	223,695,299
Financial investments measured at amortised cost	**87,500,995**	89,623,004
Financial investments measured at FVOCI	**97,611,417**	84,856,277
Lease receivables	**37,730,666**	32,704,477
Others	**312,349**	325,926
Sub-total	**515,506,630**	479,815,648
Credit commitments	**89,074,991**	76,505,602
Total	**604,581,621**	556,321,250

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(g) Risk concentration

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
Leasing and business services	**41,269,407**	**16.54%**	39,556,635	17.43%
Wholesale and retail	**35,949,270**	**14.40%**	29,088,668	12.81%
Construction	**26,174,423**	**10.49%**	22,341,957	9.84%
Manufacturing	**25,801,893**	**10.34%**	22,715,598	10.01%
Water conservancy, environment and public facilities management	**23,730,144**	**9.51%**	21,419,398	9.44%
Electricity, heat, gas and water production and supply	**13,045,957**	**5.23%**	11,896,039	5.24%
Real estate	**7,462,100**	**2.99%**	8,334,482	3.67%
Agriculture, forestry, animal husbandry and fishery	**4,631,745**	**1.86%**	4,498,809	1.98%
Transportation, warehousing and postal services	**3,787,909**	**1.52%**	2,933,114	1.29%
Education	**2,323,148**	**0.93%**	2,252,068	0.99%
Health and social work	**2,305,072**	**0.92%**	1,745,692	0.77%
Scientific Research and Technical Services Industry	**1,644,645**	**0.66%**	875,329	0.39%
Information Transmission, Software and Information Technology Services	**1,570,726**	**0.63%**	861,715	0.38%
Others	**3,542,271**	**1.41%**	3,003,739	1.32%
Subtotal for corporate loans and advances	**193,238,710**	**77.43%**	171,523,243	75.56%
Personal loans and advances	**35,512,920**	**14.23%**	37,410,075	16.48%
Discounted bills	**20,813,503**	**8.34%**	18,065,277	7.96%
Gross loans and advances to customers	**249,565,133**	**100.00%**	226,998,595	100.00%

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(g) Risk concentration (Continued)

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments (exclusive interests accrued) analysed by the rating agency designations as at the end of the reporting periods are as follows:

	30 June 2026	31 December 2025
Unrated	**93,548,355**	80,631,842
AAA	**77,339,737**	75,403,539
AA– to AA+	**11,409,648**	15,012,435
Below AA–	**866,924**	1,268,744
Total	**183,164,664**	172,316,560

The unrated bonds held by the Group mainly include government bonds, local government bonds, policy bank financial bonds, etc.

(h) Analysis on the credit quality of financial instruments

At the end of the reporting period, the Group's credit risk stages of financial instruments are as follows:

	30 June 2026							
Financial assets measured at amortised cost	Book balance (including accrued interest)				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and balances with the central bank	33,333,552	–	–	33,333,552	–	–	–	–
Deposits with banks and other financial institutions	2,684,484	–	–	2,684,484	(3,083)	–	–	(3,083)
Placements with banks and other financial institutions	11,028,942	–	–	11,028,942	(17,532)	–	–	(17,532)
Loans and advances to customers	220,749,000	5,760,744	4,024,548	230,534,292	(1,993,730)	(1,371,087)	(2,371,272)	(5,736,089)
Financial investments	85,670,140	–	4,778,093	90,448,233	(43,379)	–	(2,903,859)	(2,947,238)
Lease receivables	38,133,590	506,185	452,437	39,092,212	(846,703)	(150,639)	(364,204)	(1,361,546)
Total	391,599,708	6,266,929	9,255,078	407,121,715	(2,904,427)	(1,521,726)	(5,639,335)	(10,065,488)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(h) Analysis on the credit quality of financial instruments (Continued)

	30 June 2026							
Financial assets measured at FVOCI	**Book balance (including accrued interest)**				**Allowance for expected credit losses**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers – Discounted bills	**20,813,503**	**–**	**–**	**20,813,503**	**(68,854)**	**–**	**–**	**(68,854)**
Financial investments	**97,611,417**	**–**	**–**	**97,611,417**	**(30,768)**	**–**	**–**	**(30,768)**
Total	**118,424,920**	**–**	**–**	**118,424,920**	**(99,622)**	**–**	**–**	**(99,622)**
Credit commitments	**89,074,991**	**–**	**–**	**89,074,991**	**(63,399)**	**–**	**–**	**(63,399)**

	31 December 2025							
Financial assets measured at amortised cost	Book balance (including accrued interest)				Allowance for expected credit losses			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Cash and balances with the central bank	29,746,599	–	–	29,746,599	–	–	–	–
Deposits with banks and other financial institutions	3,642,660	–	–	3,642,660	(4,201)	–	–	(4,201)
Placements with banks and other financial institutions	10,723,781	–	–	10,723,781	(17,836)	–	–	(17,836)
Financial assets held under resale agreements	4,800,495	–	–	4,800,495	(3,373)	–	–	(3,373)
Loans and advances to customers	200,185,026	6,965,596	3,564,265	210,714,887	(1,784,070)	(1,487,108)	(1,813,687)	(5,084,865)
Financial investments	87,287,225	2,574,623	2,163,672	92,025,520	(44,184)	(941,247)	(1,417,085)	(2,402,516)
Lease receivables	32,648,352	718,414	362,181	33,728,947	(672,388)	(161,984)	(190,098)	(1,024,470)
Total	369,034,138	10,258,633	6,090,118	385,382,889	(2,526,052)	(2,590,339)	(3,420,870)	(8,537,261)

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(1) Credit risk (Continued)

(h) Analysis on the credit quality of financial instruments (Continued)

Financial assets measured at FVOCI	31 December 2025 Book balance (including accrued interest) Stage 1	Stage 2	Stage 3	Total	Allowance for expected credit losses Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers								
– Discounted bills	18,065,277	–	–	18,065,277	(56,031)	–	–	(56,031)
Financial investments	84,856,277	–	–	84,856,277	(35,229)	–	–	(35,229)
Total	102,921,554	–	–	102,921,554	(91,260)	–	–	(91,260)
Credit commitments	76,505,602	–	–	76,505,602	(59,108)	–	–	(59,108)

(2) Market risk

Market risk is the risk of loss, in respect of the Group's activities, arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other prices.

The Group has especially built up a market risk management structure and team. The Department of Risk Management takes the major responsibility for the exposure of market risk and preparation of relevant market risk management policies to submit to the Committee of Risk Management. According to established standards and current management capabilities, the Group measures market risk with the major adoption of sensitivity analysis. Before the new products or new business are launched, their market risks will be identified according to regulations.

The major source of market risk of the Group is the asset and liability businesses involved in market operation and the risks in interest rate and exchange rate of products.

(a) Interest rate risk

The Group is primarily exposed to interest rate risk arising from repricing risk in its commercial banking business and the risk of financial markets business position.

Repricing risk

Repricing risk, which is also known as "maturity mismatch risk", is the most common form of interest rate risk. It is caused by the differences in timing between the maturities (related to fixed interest instruments) or repricing (related to floating interest instruments) of bank assets, liabilities and off-balance sheet items. The mismatch of repricing timing causes the Group's income or its inherent economic value to vary with the movement in interest rates.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

Trading interest rate risk

Trading interest rate risk mainly arises from the treasury business' investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios' fair value given a 25 basis points movement in the interest rates.

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					
	Non-interest bearing	Less than 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	742,851	32,590,701	–	–	–	33,333,552
Deposits with banks and other financial institutions	176	2,681,225	–	–	–	2,681,401
Placements with banks and other financial institutions	128,942	3,294,905	7,587,563	–	–	11,011,410
Loans and advances to customers	1,594,166	35,861,958	98,854,241	69,491,914	39,809,427	245,611,706
Financial investments *(Note(i))*	2,752,813	15,841,212	19,075,470	79,867,723	79,955,604	197,492,822
Others	13,082,374	6,679,960	8,065,759	16,703,294	5,911,871	50,443,258
Total assets	18,301,322	96,949,961	133,583,033	166,062,931	125,676,902	540,574,149
Liabilities						
Borrowings from the central bank	29,861	8,245,030	16,832,461	–	–	25,107,352
Deposits from banks and other financial institutions	4,426	330,855	2,000,000	750	–	2,336,031
Placements from banks and other financial institutions	245,038	8,294,747	29,485,240	1,617,000	–	39,642,025
Financial liabilities measured at fair value through profit or loss	–	–	–	93,880	1,093,978	1,187,858
Financial assets sold under repurchase agreements	1,384	10,490,000	–	–	–	10,491,384
Deposits from customers	7,340,309	106,952,742	120,297,067	139,577,887	–	374,168,005
Debt securities issued	328,058	17,994,571	16,054,064	6,999,898	4,699,943	46,076,534
Others	3,808,426	393,381	5,711	129,054	299,818	4,636,390
Total liabilities	11,757,502	152,701,326	184,674,543	148,418,469	6,093,739	503,645,579
Asset-liability gap	6,543,820	(55,751,365)	(51,091,510)	17,644,462	119,583,163	36,928,570

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

Trading interest rate risk (Continued)

	31 December 2025					
	Non-interest bearing	Less than 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	536,124	29,210,475	–	–	–	29,746,599
Deposits with banks and other financial institutions	71	3,638,388	–	–	–	3,638,459
Placements with banks and other financial institutions	126,333	4,389,367	6,190,245	–	–	10,705,945
Financial assets held under resale agreements	495	4,796,627	–	–	–	4,797,122
Loans and advances to customers	1,781,569	52,758,205	89,842,088	63,579,176	15,734,261	223,695,299
Financial investments *(Note(i))*	3,055,881	18,049,805	21,714,068	56,955,441	87,937,203	187,712,398
Others	11,862,835	4,573,946	7,986,627	14,299,959	5,501,307	44,224,674
Total assets	17,363,308	117,416,813	125,733,028	134,834,576	109,172,771	504,520,496
Liabilities						
Borrowings from the central bank	8,813	4,492,505	14,503,656	–	–	19,004,974
Deposits from banks and other financial institutions	5,803	1,209,615	150,000	2,000,750	–	3,366,168
Placements from banks and other financial institutions	289,254	8,680,790	22,114,330	3,615,000	–	34,699,374
Financial liabilities measured at fair value through profit or loss	–	–	–	977,830	–	977,830
Financial assets sold under repurchase agreements	321	6,982,197	–	–	–	6,982,518
Deposits from customers	8,943,181	131,723,225	85,813,858	124,795,546	–	351,275,810
Debt securities issued	162,129	4,224,392	28,628,763	10,999,869	4,699,938	48,715,091
Others	2,929,851	695,493	6,725	146,017	344,830	4,122,916
Total liabilities	12,339,352	158,008,217	151,217,332	142,535,012	5,044,768	469,144,681
Asset-liability gap	5,023,956	(40,591,404)	(25,484,304)	(7,700,436)	104,128,003	35,375,815

Notes:

(i) Financial investments include financial investments measured at FVTPL, financial investments measured at FVOCI and financial investments measured at amortised cost.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

Trading 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 25 bps	**(235,175)**	(149,262)
Interest rates decrease by 25 bps	**235,175**	149,262

Changes in annualised equity	30 June 2026 (Decrease)/ Increase	31 December 2025 (Decrease)/ Increase
Interest rates increase by 25 bps	**(924,702)**	(769,454)
Interest rates decrease by 25 bps	**940,450**	782,019

44 RISK MANAGEMENT (CONTINUED)

(2) Market risk (Continued)

(a) Interest rate risk (Continued)

Trading interest rate risk (Continued)

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 net 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.

(b) Currency risk

The majority of the business of the Group is related to RMB, as well as a small amount of business related to US dollar and other foreign currencies.

The changes in exchange rates will affect the financial position and cash flow of the Group. Due to the small amount of foreign currency business of the Group, the effect of foreign currency risk on the Group would be immaterial. The major principle of the Group's control on foreign currency risk is to achieve matching of assets and liabilities in each currency and to conduct daily monitoring on currency exposure.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(2) Market risk (Continued)

(b) Currency risk (Continued)

The Group adopts sensitivity analysis to measure the possible effects of changes in exchange rates on net gains and losses and interests of the Group. As the foreign currency assets and liabilities account for an immaterial part of the total assets and total liabilities of the Group, the effect of changes in exchange rates on net gains and losses and interests of the Group would be immaterial.

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	33,124,693	208,859	–	33,333,552
Deposits with banks and other financial institutions	1,932,458	232,034	516,909	2,681,401
Placements with banks and other financial institutions	11,011,410	–	–	11,011,410
Loans and advances to customers	245,185,469	426,237	–	245,611,706
Financial investments *(Note (i))*	195,540,208	1,952,614	–	197,492,822
Others	50,408,592	34,054	612	50,443,258
Total assets	537,202,830	2,853,798	517,521	540,574,149
Liabilities				
Borrowings from the central bank	25,107,352	–	–	25,107,352
Deposits from banks and other financial institutions	2,336,031	–	–	2,336,031
Placements from banks and other financial institutions	39,437,311	204,714	–	39,642,025
Financial liabilities measured at fair value through profit or loss	1,187,858	–	–	1,187,858
Financial assets sold under repurchase agreements	10,491,384	–	–	10,491,384
Deposits from customers	371,251,758	2,887,739	28,508	374,168,005
Debt securities issued	46,076,534	–	–	46,076,534
Others	4,477,428	158,349	613	4,636,390
Total liabilities	500,365,656	3,250,802	29,121	503,645,579
Net position	36,837,174	(397,004)	488,400	36,928,570
Credit commitments	88,833,362	241,629	–	89,074,991

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(2) Market risk (Continued)

(b) Currency risk (Continued)

	31 December 2025			
	RMB	USD (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Assets				
Cash and deposits with the central bank	29,330,738	415,861	–	29,746,599
Deposits with banks and other financial institutions	3,315,598	295,447	27,414	3,638,459
Placements with banks and other financial institutions	10,108,289	597,656	–	10,705,945
Financial assets held under resale agreements	4,797,122	–	–	4,797,122
Loans and advances to customers	223,413,446	281,853	–	223,695,299
Financial investments *(Note (i))*	185,618,941	2,093,457	–	187,712,398
Others	44,224,674	–	–	44,224,674
Total assets	500,808,808	3,684,274	27,414	504,520,496
Liabilities				
Borrowings from the central bank	19,004,974	–	–	19,004,974
Deposits from banks and other financial institutions	3,366,168	–	–	3,366,168
Placements from banks and other financial institutions	34,699,374	–	–	34,699,374
Financial liabilities measured at fair value through profit or loss	977,830	–	–	977,830
Financial assets sold under repurchase agreements	6,982,518	–	–	6,982,518
Deposits from customers	347,323,983	3,943,842	7,985	351,275,810
Debt securities issued	48,715,091	–	–	48,715,091
Others	3,972,009	150,870	37	4,122,916
Total liabilities	465,041,947	4,094,712	8,022	469,144,681
Net position	35,766,861	(410,438)	19,392	35,375,815
Credit commitments	76,334,101	171,501	–	76,505,602

Note:

(i) Financial investments include financial investments measured at fair value through profit or loss (FVTPL), financial investments measured at fair value through other comprehensive income and financial investments measured at amortised cost.

44 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 sustain its asset business or meet repayment obligations.

The Group plays an active part in managing liquidity risks and improves related management system in terms of organisation, institution, system, management and mechanism. The organisational structure of the Group's liquidity risk management consists of the Board of Directors, senior management and its Risk Management Committee and Asset and Liability Management Committee, Risk Management Department, Financial Planning Department, Corporate Banking Department, Retail Business Department, Department of Credit Approval, Department of Financial Market and Audit Department, responsible for formulating liquidity risk management strategy and establishing internal control mechanism to support the implementation and supervision of liquidity risk management strategy.

The measurement of liquidity risk of the Group adopts liquidity indicator and cash flow gap calculation. By stress testing, the Group sets up mild, moderate and severe scenarios to examine the capacity to withstand liquidity or liquidity crises and improve liquidity contingency measures. In terms of response to liquidity risks, the Group: strengthens management and monitoring of liquidity limits; establishes related liquidity emergency leading groups, early-warning indicators for internal and external liquidity risks and indicators that could trigger contingency plans and monitors these indicators; builds up quality liquidity assets reserve and financing capability management; erects liquidity risk reporting mechanism, in which the Financial Planning Department reports to the Asset and Liability Management Committee, senior management and the Board of Directors on issues related to the status, stress testing and contingency plans of liquidity risks on a regular basis.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 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.

	30 June 2026							
	Indefinite *(Note (i))*	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	20,163,732	13,169,820	–	–	–	–	–	33,333,552
Deposits with banks and other financial institutions	–	2,681,401	–	–	–	–	–	2,681,401
Placements with banks and other financial institutions	–	–	1,428,289	1,930,359	7,652,762	–	–	11,011,410
Loans and advances to customers	2,069,126	3,746,700	10,917,720	21,487,711	99,474,689	76,248,374	31,667,386	245,611,706
Financial investments	1,171,036	48,632	9,157,494	5,476,124	18,442,669	81,757,085	81,439,782	197,492,822
Others	9,745,297	1,317,013	2,300,010	4,730,753	8,506,280	17,390,447	6,453,458	50,443,258
Total assets	33,149,191	20,963,566	23,803,513	33,624,947	134,076,400	175,395,906	119,560,626	540,574,149
Liabilities								
Borrowings from the central bank	–	–	3,910,334	4,337,329	16,859,689	–	–	25,107,352
Deposits from banks and other financial institutions	–	10,708	152,371	171,009	2,001,179	764	–	2,336,031
Placements from banks and other financial institutions	–	–	3,366,938	5,009,237	29,646,233	1,619,617	–	39,642,025
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	93,880	1,093,978	1,187,858
Financial assets sold under repurchase agreements	–	–	10,491,384	–	–	–	–	10,491,384
Deposits from customers	–	63,365,810	15,116,877	29,343,245	124,108,558	142,233,515	–	374,168,005
Debt securities issued	–	–	9,026,363	9,096,919	16,055,215	7,069,300	4,828,737	46,076,534
Others	63,399	421,871	1,280,875	208,115	855,087	1,507,225	299,818	4,636,390
Total liabilities	63,399	63,798,389	43,345,142	48,165,854	189,525,961	152,524,301	6,222,533	503,645,579
Net position	33,085,792	(42,834,823)	(19,541,629)	(14,540,907)	(55,449,561)	22,871,605	113,338,093	36,928,570

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(3) Liquidity risk (Continued)

(a) Maturity analysis (Continued)

	31 December 2025							
	Indefinite (Note (i))	Repayable on demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	Total
Assets								
Cash and deposits with the central bank	18,816,764	10,929,835	–	–	–	–	–	29,746,599
Deposits with banks and other financial institutions	–	3,338,835	299,624	–	–	–	–	3,638,459
Placements with banks and other financial institutions	–	–	1,721,112	2,748,368	6,236,465	–	–	10,705,945
Financial assets held under resale agreements	–	–	4,797,122	–	–	–	–	4,797,122
Loans and advances to customers	2,213,996	1,050,227	15,935,351	23,296,961	79,239,040	69,383,858	32,575,866	223,695,299
Financial investments	1,179,759	55,021	7,060,727	3,101,140	16,060,014	70,467,131	89,788,606	187,712,398
Others	9,575,075	297,682	1,944,952	2,666,805	8,585,551	15,081,731	6,072,878	44,224,674
Total assets	31,785,594	15,671,600	31,758,888	31,813,274	110,121,070	154,932,720	128,437,350	504,520,496
Liabilities								
Borrowings from the central bank	–	–	1,153,867	3,347,451	14,503,656	–	–	19,004,974
Deposits from banks and other financial institutions	–	89,793	1,012,209	110,580	152,828	2,000,758	–	3,366,168
Placements from banks and other financial institutions	–	–	3,327,429	5,483,222	22,247,431	3,641,292	–	34,699,374
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	977,830	–	977,830
Financial assets sold under repurchase agreements	–	–	6,683,374	299,144	–	–	–	6,982,518
Deposits from customers	–	66,516,456	23,688,496	44,001,987	88,738,717	128,330,154	–	351,275,810
Debt securities issued	–	–	2,397,944	1,826,448	28,690,530	11,048,102	4,752,067	48,715,091
Others	65,807	350,257	715,015	618,736	568,684	1,489,937	314,480	4,122,916
Total liabilities	65,807	66,956,506	38,978,334	55,687,568	154,901,846	147,488,073	5,066,547	469,144,681
Net position	31,719,787	(51,284,906)	(7,219,446)	(23,874,294)	(44,780,776)	7,444,647	123,370,803	35,375,815

Note:

(i) Indefinite amount of cash and deposits with the central bank represents the statutory deposit reserves and fiscal deposits with the central bank. Indefinite amount of loans and advances to customers includes all the impaired loans, as well as those overdue more than one month. Loans and advances to customers with no impairment but overdue within one month are classified into the category of repayable on demand. Indefinite amount of financial investments represents impaired financial investments or those overdue more than one month. Equity instruments are listed in the category of indefinite.

(Expressed in thousands of Renminbi, unless otherwise stated)

44 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 non-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	Carrying Amount
Borrowings from the central bank	-	-	3,913,805	4,347,523	17,008,441	-	-	25,269,769	25,107,352
Deposits from banks and other financial institutions	-	10,708	156,183	178,848	2,018,333	787	-	2,364,859	2,336,031
Placements from banks and other financial institutions	-	-	3,371,644	5,093,546	29,992,319	1,631,973	-	40,089,482	39,642,025
Financial liabilities measured at fair value through profit or loss	-	-	-	-	-	93,880	1,093,978	1,187,858	1,187,858
Financial assets sold under repurchase agreements	-	-	10,492,429	-	-	-	-	10,492,429	10,491,384
Deposits from customers	-	63,365,810	15,127,609	29,425,022	125,764,234	148,270,095	-	381,952,770	374,168,005
Debt securities issued	-	-	9,069,834	9,317,364	16,553,712	7,918,000	5,165,200	48,024,110	46,076,534
Other financial liabilities	-	421,871	690,066	18,906	730,493	241,691	343,342	2,446,369	2,446,369
Total	-	63,798,389	42,821,570	48,381,209	192,067,532	158,156,426	6,602,520	511,827,646	501,455,558

(Expressed in thousands of Renminbi, unless otherwise stated)

44 RISK MANAGEMENT (CONTINUED)

(3) Liquidity risk (Continued)

(b) Analysis on contractual undiscounted cash flows of non-derivative financial liabilities. (Continued)

The following tables provide an analysis of the contractual undiscounted cash flow of non-derivative financial liabilities at the end of the reporting period: (Continued)

	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	–	–	1,154,780	3,401,148	14,573,984	–	–	19,129,912	19,004,974
Deposits from banks and other financial institutions	–	89,793	1,012,791	110,871	203,516	2,010,420	–	3,427,391	3,366,168
Placements from banks and other financial institutions	–	–	3,333,406	5,581,719	22,558,568	3,657,114	–	35,130,807	34,699,374
Financial liabilities measured at fair value through profit or loss	–	–	–	–	–	977,830	–	977,830	977,830
Financial assets sold under repurchase agreements	–	–	6,684,347	299,144	–	–	–	6,983,491	6,982,518
Deposits from customers	–	66,516,456	23,709,222	44,166,512	89,793,811	134,237,675	–	358,423,676	351,275,810
Debt securities issued	–	–	2,418,043	1,860,349	29,543,921	12,002,000	5,165,200	50,989,513	48,715,091
Other financial liabilities	–	350,257	2,977	19,527	467,018	199,672	364,076	1,403,527	1,343,945
Total	–	66,956,506	38,315,566	55,439,270	157,140,818	153,084,711	5,529,276	476,466,147	466,365,710

This analysis of the non-derivative financial liabilities by contractual undiscounted cash flow might diverge from actual results.

44 RISK MANAGEMENT (CONTINUED)

(4) Operational risk

Operational risk refers to the risk of losses caused by deficiencies in internal processes, employees, information technology systems, and external events.

The Group has implemented comprehensive measures to prevent operational risks, improved its operational risk management system, and ensured safe and stable operations. Major initiatives include:

– Clear definition of management objectives: Continuously improve the operational risk management system, strengthen operational risk management, enhance the identification, assessment, monitoring, control, mitigation, and reporting of operational risks, and ensure no major operational risk incidents or cases occur.

– Scientific construction of organizational structure: The operational risk management framework consists of the Board of Directors, senior management, operational risk management departments, internal audit departments, and other relevant departments. A three-line defense mechanism for operational risk management has been established, with robust mechanisms for sharing risk data and information between the lines of defense and within each line.

– Enhanced risk identification and assessment: Conduct quarterly monitoring and analysis of operational and compliance risks, inspect key management indicators, critical operational processes, and significant risk points, and clarify control responsibilities.

– Detailed risk prevention and control: Establish a sound mechanism for transmitting operational risk preferences, define risk preference targets, optimize risk limit indicators, and conduct stress tests to keep operational risks within an acceptable range. Focus on risk prevention and control in key areas, strengthen authorization management for various businesses, and intensify efforts to prevent and address illegal financial activities, implementing refined control measures.

– Deepened capability building in management: Optimize the functions of the internal control and operational risk management system, strengthen pre-emptive risk identification and assessment for new products and businesses, shift risk control to the front end, and improve the efficiency and accuracy of risk identification. Strengthen employee behavior management, clarify requirements for employee conduct and professional ethics, and foster a positive operational risk management culture.

45 CAPITAL MANAGEMENT

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

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

The Group considers its strategic development plans, business expansion plans and risk variables when conducting scenario analysis and stress testing and executing other measures to forecast, plan and manage its capital adequacy ratio.

The NFRA requires commercial banks to meet the requirements of capital adequacy ratios in accordance with Regulation Governing Capital of Commercial Banks ("商業銀行資本管理辦法"). For non-systemically important banks, the minimum ratios for core tier-one capital adequacy ratio, tier-one capital adequacy ratio and capital adequacy ratio are 7.50%, 8.50% and 10.50%, respectively.

Since 1 January 2024, the Group calculates its capital adequacy ratios in accordance with Regulation Governing Capital of Commercial Banks and other relevant regulations issued by NFRA on 1 November 2023.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's statutory financial statements prepared in accordance with PRC GAAP. For more information on capital, please refer to the Pillar 3 Information Disclosure Report disclosed on the Bank's website.

(Expressed in thousands of Renminbi, unless otherwise stated)

45 CAPITAL MANAGEMENT (CONTINUED)

	30 June 2026	31 December 2025
Core tier-one capital		
– Share capital	**6,869,189**	5,980,058
– Qualifying portion of capital reserve	**6,936,448**	7,356,872
– Surplus reserve	**2,107,277**	2,107,277
– General reserve	**5,543,485**	4,657,710
– Other comprehensive income	**530,285**	277,392
– Retained earnings	**6,693,837**	6,921,763
– Qualifying portion of non-controlling interests	**1,499,115**	1,375,171
Total core tier-one capital	**30,179,636**	28,676,243
Core tier-one capital deductions	**(1,285,902)**	(1,365,464)
Net core tier-one capital	**28,893,734**	27,310,779
Other tier-one capital	**6,198,974**	6,182,448
Net tier-one capital	**35,092,708**	33,493,227
Tier-two capital		
– Instruments issued and share premium	**4,699,943**	4,699,938
– Surplus allowance for loan impairment	**3,945,083**	3,092,311
– Eligible portion of non-controlling interests	**399,764**	366,712
Net tier-two capital	**9,044,790**	8,158,961
Total net capital	**44,137,498**	41,652,188
Total risk weighted assets	**338,964,235**	308,869,197
Core tier-one capital adequacy ratio	**8.52%**	8.84%
Tier-one capital adequacy ratio	**10.35%**	10.84%
Capital adequacy ratio	**13.02%**	13.49%

46 FAIR VALUE

(1) Methods and assumptions for measurement of fair value

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Debt securities and equity instruments

The fair values of debt securities and equity instruments that are traded in an active market are based on their quoted market prices in an active market at the end of the reporting period. If quoted market prices are not available, then fair values are estimated on the basis of valuation models or discounted cash flows.

(ii) Other financial investments and other non-derivative financial assets

Fair values are estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(iii) Debt securities issued and other non-derivative financial liabilities

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period.

(2) 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 lease 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 lease receivables represents the amount of estimated future cash flows expected to be received, discounted at current market rates.

(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.

(Expressed in thousands of Renminbi, unless otherwise stated)

46 FAIR VALUE (CONTINUED)

(2) Fair value of financial assets and liabilities not measured at fair value (Continued)

(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.

(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 table summarises the carrying amount, the fair value and the analysis by level of fair value hierarchy of the debt investments 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					
– Debt securities	85,290,715	88,377,368	–	88,377,368	–
Total	85,290,715	88,377,368	–	88,377,368	–
Financial liabilities					
Securities issued					
– Certificates of interbank deposit	25,048,635	25,054,506	–	25,054,506	–
– Debt securities	21,027,899	21,198,875	–	21,198,875	–
Total	46,076,534	46,253,381	–	46,253,381	–

(Expressed in thousands of Renminbi, unless otherwise stated)

46 FAIR VALUE (CONTINUED)

(2) Fair value of financial assets and liabilities not measured at fair value (Continued)

(v) Debt securities issued (Continued)

	December 2025				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial investments measured at amortised cost					
– Debt securities	87,223,413	89,221,139	–	89,221,139	–
Total	87,223,413	89,221,139	–	89,221,139	–
Financial liabilities					
Securities issued					
– Certificates of interbank deposit	27,853,262	27,855,707	–	27,855,707	–
– Debt securities	20,861,829	20,940,376	–	20,940,376	–
Total	48,715,091	48,796,083	–	48,796,083	–

(3) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

Level 3: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. The inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads, exchange rate and discount rate. The Group makes accounting estimates of the fair value of its financial assets based on certain assumptions, but the actual value at which these financial assets trade in a fair market may differ from the Group's accounting estimates.

(Expressed in thousands of Renminbi, unless otherwise stated)

46 FAIR VALUE (CONTINUED)

(3) Fair value hierarchy (Continued)

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	Total
Financial investments measured at FVTPL				
– Debt securities	–	1,662,282	–	1,662,282
– Repossessed equity	48,632	–	–	48,632
– Asset-backed securities	–	544,986	–	544,986
– Fund investments	–	6,875,145	–	6,875,145
– Investment management products	–	2,280,789	653,540	2,934,329
Financial investments measured at FVOCI				
– Debt securities	–	91,710,318	–	91,710,318
– Equity instruments	–	–	315,036	315,036
– Asset-backed securities	–	542,164	–	542,164
– Certificates of interbank deposit	–	5,358,935	–	5,358,935
Loans and advances to customers measured at FVOCI	–	20,813,503	–	20,813,503
Derivative financial assets	–	51,493	–	51,493
Total financial assets	48,632	129,839,615	968,576	130,856,823
Financial liabilities measured at FVTPL	–	1,187,858	–	1,187,858
Derivative financial liabilities	–	34,939	–	34,939
Total financial liabilities	–	1,222,797	–	1,222,797

(Expressed in thousands of Renminbi, unless otherwise stated)

46 FAIR VALUE (CONTINUED)

(3) Fair value hierarchy (Continued)

	31 December 2025			
	Level 1	Level 2	Level 3	Total
Financial investments measured at FVTPL				
– Debt securities	–	2,052,159	–	2,052,159
– Repossessed equity	55,021	–	–	55,021
– Asset-backed securities	–	612,366	–	612,366
– Fund investments	–	6,591,283	–	6,591,283
– Investment management products	–	2,910,953	696,299	3,607,252
Financial investments measured at FVOCI				
– Debt securities	–	83,157,733	–	83,157,733
– Equity instruments	–	–	315,036	315,036
– Asset-backed securities	–	312,314	–	312,314
– Certificates of interbank deposit	–	1,386,230	–	1,386,230
Loans and advances to customers measured at FVOCI	–	18,065,277	–	18,065,277
Derivative financial assets	–	48,045	–	48,045
Total financial assets	55,021	115,136,360	1,011,335	116,202,716
Financial liabilities measured at FVTPL	–	977,830	–	977,830
Derivative financial liabilities	–	30,351	–	30,351
Total financial liabilities	–	1,008,181	–	1,008,181

(Expressed in thousands of Renminbi, unless otherwise stated)

46 FAIR VALUE (CONTINUED)

(3) Fair value hierarchy (Continued)

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, 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	Purchases	Issues	Disposals and settlements	As at 30 June 2026
Financial investments measured at FVTPL									
– Investment management products	696,299	–	–	(39,714)	–	–	–	(3,045)	653,540
Financial investments measured at FVOCI									
– Equity instruments	315,036	–	–	–	–	–	–	–	315,036
Total financial assets	1,011,335	–	–	(39,714)	–	–	–	(3,045)	968,576

During each reporting period, there were no significant transfers among instruments in Level 1, Level 2 and Level 3 of the Group.

(Expressed in thousands of Renminbi, unless otherwise stated)

46 FAIR VALUE (CONTINUED)

(3) Fair value hierarchy (Continued)

The following table shows the movement of level 3 financial instruments measured at fair value during the year of 2025:

	As at 1 January 2025	Transfer into level 3	Transfer out of level 3	Total gains or losses for the year: In profit or loss	Total gains or losses for the year: In other comprehensive income	Purchases, issues, disposals and settlements: Purchases	Purchases, issues, disposals and settlements: Issues	Purchases, issues, disposals and settlements: Disposals and settlements	As at 31 December 2025
Financial investments measured at FVTPL									
– Investment management products	947,024	–	–	(244,985)	–	–	–	(5,740)	696,299
Financial investments measured at FVOCI									
– Equity instruments	315,036	–	–	–	–	–	–	–	315,036
Total financial assets	1,262,060	–	–	(244,985)	–	–	–	(5,740)	1,011,335

During each reporting period, there were no significant transfers among instruments in Level 1, Level 2 and Level 3 of the Group.

For Investment management products, unlisted equity instruments, the Group determines the fair value using valuation techniques. Valuation techniques include discounted cash flow analysis, market comparison approaches, etc. The fair value of these instruments incorporates unobservable parameters, such as discount rates and liquidity discounts. The fair value of the financial instruments classified under level 3 is not significantly influenced by the reasonable changes in these unobservable inputs.

(Expressed in thousands of Renminbi, unless otherwise stated)

47 COMMITMENTS AND CONTINGENCIES

(1) Credit commitments

The Group's credit commitments take the form of bank acceptances bills, letters of credit, guarantee and credit cards commitments.

The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. 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 the customers.

	30 June 2026	31 December 2025
Bank acceptances	62,862,541	54,347,207
Letter of credit	20,781,494	16,024,325
Credit cards commitment	3,096,860	3,290,385
Letters of guarantees	2,334,096	2,843,685
Total	89,074,991	76,505,602

The Group may be exposed to credit risk in all the above credit businesses. Group Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(2) Credit risk-weighted amount

	30 June 2026	31 December 2025
Credit risk-weighted amount of contingent liabilities and commitments	9,937,991	9,612,441

The credit risk-weighted amount represents the amount calculated in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements. 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)

47 COMMITMENTS AND CONTINGENCIES (CONTINUED)

(3) Capital commitments

As at the end of each reporting period, the Group's authorised capital commitments are as follows:

	30 June 2026	31 December 2025
Property and equipment		
– Contracted but not paid for	**26,078**	114,764
Intangible assets		
– Contracted but not paid for	**39,310**	43,632
Total	**65,388**	158,396

(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. According to the court judgment and 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) Pledged assets

	30 June 2026	31 December 2025
Debt securities	**35,596,274**	26,514,232
Total	**35,596,274**	26,514,232

Some of the Group's assets are pledged as collateral under repurchase agreements, borrowings from the central bank, deposits from customers and securities borrowing.

Collateral accepted by the Group under resale agreements may be sold or repledged. As at 30 June 2026 and 31 December 2025, the Group did not have these discounted bills under resale agreements. As at 30 June 2026 and 31 December 2025, the Group had no collateral sold or repledged that it was obliged to return at maturity.

(Expressed in thousands of Renminbi, unless otherwise stated)

48 INTERESTS IN STRUCTURED ENTITIES

(1) Structured entities sponsored by third party institutions in which the Group holds an interest

The Group holds interests in certain structured entities sponsored by third party institutions through investments in the units issued by these structured entities. Such structured entities mainly include asset management plans, trust fund plans, asset-backed securities and fund investments. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group in unconsolidated structured entities, as well as an analysis of the line items in the consolidated statement of financial position in which relevant assets are recognised as at 30 June 2026 and 31 December 2025:

	30 June 2026				
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost	Carrying amount	Maximum exposure
Fund investments	6,875,145	–	–	6,875,145	6,875,145
Asset-backed securities	544,986	542,164	379,171	1,466,321	1,466,321
Investment management products	2,934,329	–	2,210,281	5,144,610	5,144,610
Total	10,354,460	542,164	2,589,452	13,486,076	13,486,076

	31 December 2025				
	Financial investments measured at FVTPL	Financial investments measured at FVOCI	Financial investments measured at amortised cost	Carrying amount	Maximum exposure
Fund investments	1,207,925	–	–	1,207,925	1,207,925
Asset-backed securities	612,366	312,314	492,142	1,416,822	1,416,822
Investment management products	3,607,252	–	2,399,591	6,006,843	6,006,843
Total	5,427,543	312,314	2,891,733	8,631,590	8,631,590

The maximum exposures to loss in the above structured entities are the amortised cost or the fair value of the assets held by the Group at the end of the reporting period in accordance with the line items of these assets recognised in the statement of financial position.

48 INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

(2) Structured entities sponsored by the Group which the Group does not consolidate but holds an interest in

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. The Group does not control these structured entities and therefore, these structured entities are not consolidated. These structured entities are financed through the issue of units to investors. The Group earns commission fee by providing management services to the investors of these structured entities.

For the six months ended 30 June 2026, the amount of fee and commission income received from the above mentioned structured entities by the Group are RMB242.3 million (six months ended 30 June 2025: RMB387.1 million).

As at 30 June 2026, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products sponsored by the Group is RMB30,712.9 million (31 December 2025: RMB30,767.3 million).

49 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.

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.

(Expressed in thousands of Renminbi, unless otherwise stated)

50 TRANSACTIONS ON BEHALF OF CUSTOMERS

(1) Entrusted lending business

The Group provides entrusted lending business services to customers. All entrusted loans are funded by entrusted funds from these customers. The Group does not take any credit risk in relation to these transactions. The Group only acts as an agent to hold and manage these assets and liabilities at the direction of the entrustor and receives fee income for the services provided.

	30 June 2026	31 December 2025
Entrusted loans	**4,741,795**	4,687,167
Entrusted funds	**4,741,795**	4,687,167

(2) Wealth management services

The Group manages assets on behalf of customers as trustee or in other fiduciary capacities to safeguard assets for customers in accordance with agreements. The Group receives fee income, such as sale fees and investment management fees, in return for its services provided under the agreements and does not have any interest in the economic risks and rewards related to assets under custody.

At balance sheet date, please refer to Note 48. (2) for information about the Group's wealth management services.

51 SUBSEQUENT EVENTS

Up to the approval date of the financial statements, the Group has no other significant subsequent events for disclosure.

52 COMPARATIVE FIGURES

For financial statements disclosure purpose, the Group made reclassification adjustments to some comparative figures.

(Expressed in thousands of Renminbi, unless otherwise stated)

The information set out below does not form part of the unaudited interim financial statements, and is included herein for information purposes only.

1 LIQUIDITY COVERAGE RATIO, LEVERAGE RATIO AND NET STABLE FUNDING RATIO

(1) Liquidity coverage ratio

	30 June 2026	31 December 2025
Qualified and high-quality current assets	**137,106,729**	133,710,911
Net cash outflows in the next 30 days	**53,247,889**	44,669,522
Liquidity coverage ratio *(RMB and foreign currency)*	**257.49%**	299.33%

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	**5.72%**	5.89%

The Group calculates the leverage ratio in accordance with the Regulation Governing Capital of Commercial Banks and other relevant requirements. According to the above provisions, a minimum leverage ratio 4% is required for commercial banks.

(Expressed in thousands of Renminbi, unless otherwise stated)

1 LIQUIDITY COVERAGE RATIO, LEVERAGE RATIO AND NET STABLE FUNDING RATIO (CONTINUED)

(3) Net stable funding ratio

	30 June 2026	31 December 2025
Available stable funding	**350,834,228**	333,160,253
Required stable funding	**256,398,078**	233,559,226
Net stable funding ratio	**136.83%**	142.64%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks, a minimum net stable funding ratio of commercial banks 100% is required for commercial banks.

The above liquidity coverage ratio, leverage ratio and net stable funding ratio are calculated in accordance with the formulae announced by the former CBRC and based on the financial information prepared in accordance with PRC GAAP.

2 CURRENCY CONCENTRATIONS

	30 June 2026			
	US Dollars *(RMB equivalent)*	**HK Dollars *(RMB equivalent)***	**Others *(RMB equivalent)***	**Total**
Spot assets	**3,795,942**	**470,390**	**253,923**	**4,520,255**
Spot liabilities	**(4,233,710)**	**(71)**	**(236,454)**	**(4,470,235)**
Net position	**(437,768)**	**470,319**	**17,469**	**50,020**

	31 December 2025			
	US Dollars *(RMB equivalent)*	HK Dollars *(RMB equivalent)*	Others *(RMB equivalent)*	Total
Spot assets	4,776,466	41	37,544	4,814,051
Spot liabilities	(5,188,842)	–	(18,193)	(5,207,035)
Net position	(412,376)	41	19,351	(392,984)

(Expressed in thousands of Renminbi, unless otherwise stated)

3 INTERNATIONAL CLAIMS

The Group is principally engaged in business operations within Mainland China, and regards all third parties claims outside Mainland China as international claims. International claims include loans and advances to customers, deposits with central bank and amounts due from banks and other financial institutions.

A country or geographical area shall be immediately reported if it constitutes 10% or more of the aggregate amount of an international claim, after taking into account all of its risk transfers. A risk transfer shall only be made if the guarantor of a claim is located in a country different from that of a counterparty, or if a claim is made against an overseas branch of a bank whose head-office is located in another country.

	30 June 2026		
	Banks and other financial institutions	**Non-bank private sector institutions**	**Total**
– Asia Pacific	**480,008**	**–**	**480,008**
– North and South America	**175,101**	**–**	**175,101**
– Europe	**32,463**	**–**	**32,463**
	687,572	**–**	**687,572**

	31 December 2025		
	Banks and other financial institutions	Non-bank private sector institutions	Total
– Asia Pacific	6,146	–	6,146
– North and South America	238,971	–	238,971
– Europe	17,259	–	17,259
	262,376	–	262,376

(Expressed in thousands of Renminbi, unless otherwise stated)

4 GROSS AMOUNT OF OVERDUE LOANS AND ADVANCES

	30 June 2026	31 December 2025
Gross loans and advances which have been overdue with respect to either principal or interest for periods of (Excluding accrued interest)		
– between 3 and 6 months (inclusive)	**818,303**	1,096,486
– between 6 months and 1 year (inclusive)	**920,321**	596,019
– between 1 year and 3 years (inclusive)	**1,272,895**	1,083,428
– over 3 years	**253,645**	159,821
Total	**3,265,164**	2,935,754
As a percentage of gross loans and advances (excluding accrued interest)		
– between 3 and 6 months (inclusive)	**0.33%**	0.48%
– between 6 months and 1 year (inclusive)	**0.37%**	0.26%
– between 1 year and 3 years (inclusive)	**0.51%**	0.48%
– over 3 years	**0.10%**	0.07%
Total	**1.31%**	1.29%

LIST OF INSTITUTIONS

District	Name of institution	Business address	Remarks
Weihai, Shandong	Headquarters	No. 137A, Qingdao North Road, Huancui District, Weihai City	51 licensed branches and subbranches in Weihai District
Jinan, Shandong	Jinan Branch	The whole building of Building 1 (A3), Room 101-107, 1/F, Room 201-206, 2/F, Room 401-417, 4/F, Building 2 (A1), Xinyuanxin Center, 3 Huaxin Road, Licheng District, Jinan City	12 licensed branches and subbranches in Jinan District
	Laiwu Branch	60 Luzhong East Main Street, Laiwu District, Jinan City, Shandong Province	2 licensed branches and subbranches in Laiwu District
Qingdao, Shandong	Qingdao Branch	487 Changjiang Middle Road, Huangdao District, Qingdao City, Shandong Province	9 licensed branches and subbranches in Qingdao District
Yantai, Shandong	Yantai Branch	No. 105, 204 & 303, 1st-3rd Floors, East Podium, Jinqiao Building, No. 10 Ningbo Road, Guxian Subdistrict, Yantai Area, China (Shandong) Pilot Free Trade Zone	6 licensed branches and subbranches in Yantai District
Dezhou, Shandong	Dezhou Branch	1337 Tianqu Middle Road, Decheng District, Dezhou City, Shandong Province	5 licensed branches and subbranches in Dezhou District
Jining, Shandong	Jining Branch	71 Wutaizha Road, Jining High-tech Zone, Shandong Province	7 licensed branches and subbranches in Jining District
Linyi, Shandong	Linyi Branch	0004 Yimeng Road, Lanshan District, Linyi City, Shandong Province	6 licensed branches and subbranches in Linyi District
Weifang, Shandong	Weifang Branch	No. 5369 Beigong East Street, Kuiwen District, Weifang City, Shandong Province	3 licensed branches and subbranches in Weifang District
Dongying, Shandong	Dongying Branch	Building 2, No. 57-1, Fuqian Street, Dongying District, Dongying City, Shandong Province	3 licensed branches and subbranches in Dongying District
Zibo, Shandong	Zibo Branch	227 Xincun West Road, Zhangdian District, Zibo City, Shandong Province	3 licensed branches and subbranches in Zibo District
Liaocheng, Shandong	Liaocheng Branch	117 Dongchang West Road, Dongchangfu District, Liaocheng City, Shandong Province	2 licensed branches and subbranches in Liaocheng District
Zaozhuang, Shandong	Zaozhuang Branch	117 Guangming West Road and 55 Deren North Road, Zaozhuang High-tech Zone, Shandong Province	3 licensed branches and subbranches in Zaozhuang District

District	Name of institution	Business address	Remarks
Heze, Shandong	Heze Branch	289 Yongchang Road, Heze Economic Development Zone, Shandong Province	2 licensed branches and subbranches in Heze District
Tai'an, Shandong	Tai'an Branch	472 Dongyue Main Street, Taishan District, Tai'an City, Shandong Province	2 licensed branch and sub-branches in Tai'an District
Rizhao, Shandong	Rizhao Branch	59 Qinhuangdao Road, Economic and Technological Development Zone, Rizhao City, Shandong Province	2 licensed branch and sub-branch in Rizhao District
Binzhou, Shandong	Binzhou Branch	338 Huanghe 6th Road, Binzhou Economic and Technological Development Zone, Shandong Province	2 licensed branches and subbranches in Binzhou District
Tianjin City	Tianjin Branch	150 Fuan Main Street, Heping District, Tianjin City	10 licensed branches and subbranches in Tianjin District