



Bank of Communications Co., Ltd.

2026 INTERIM REPORT

Stock Code:03328



CREATE SHARED VALUE

IMPORTANT REMINDERS

- I. The Board of Directors, Directors and Senior Management of the Bank are responsible for the authenticity, accuracy and completeness of the Interim Report, free of false records, misleading statements or material omissions and assume individual and joint legal responsibilities.
- II. The 2026 Interim Report and results announcement of the Bank were reviewed and approved at the 8th Meeting of the 11th Session of the Board of Directors of the Bank on 28 August 2026. The number of directors who should attend the meeting was 15, with 13 directors attending the meeting in person and 2 directors attending the meeting by proxy. Due to other business commitments, Li Xiaohui, an Independent Non-executive Director and Ma Jun, an Independent Non-executive Director, appointed Xiao Wei, an Independent Non-executive Director and Zhang Xiangdong, an Independent Non-executive Director, in writing to attend and vote on her/his behalf, respectively.
- III. Mr. Ren Deqi, Chairman of the Bank, Mr. Zhou Wanfu, principal in charge of finance and Mr. Ma Zequan, Head of Finance Department represent that they are responsible for the authenticity, accuracy and completeness of the financial statements in the Interim Report.
- IV. This Interim Report is unaudited.
- V. The proposal on profit distribution for the half year of 2026 was reviewed by the Board of Directors: calculated based on the total ordinary shares of 88,363,784,223 shares, a cash dividend of RMB0.168 for every share (inclusive of tax) will be distributed to the registered shareholders of A shares and H shares, totaling RMB14,845 million, accounting for 31.0% of the net profit attributable to the shareholders of the parent company. The current distribution does not involve bonus shares or conversion of capital reserve into share capital. Such distribution plan will be submitted to the shareholders' meeting for consideration.
- VI. Prospective statements involved in this Interim Report, such as future plans and development strategies, do not constitute a substantive commitment of the Group to its investors. Investors and stakeholders are required to keep sufficient risk awareness and understand the differences between plan, forecasting and commitment.
- VII. The Group's operation is mainly exposed to risks, including credit risk, market risk, operational risk and compliance risk. The Group has taken and will continue to adopt various measures to effectively manage risks. For more details which require investors' attention, please refer to the section of "Management Discussion and Analysis – Risk Management".

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DEFINITIONS

The following terms will have the following meanings in this report unless otherwise stated:

“Bank”, “BOCOM”, “Group”	Bank of Communications Co., Ltd. or Bank of Communications Co., Ltd. and its subsidiaries
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“SSF”	The National Council for Social Security Fund
“CNTC”	China National Tobacco Corporation
“CDIC”	China Doublewin Investment Co., Ltd.
“NFRA”	National Financial Regulatory Administration
“CSRC”	China Securities Regulatory Commission
“SSE”	The Shanghai Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	<i>The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</i>
“Articles of Association”	The Articles of Association of Bank of Communications Co., Ltd.
““five priorities” of finance”	Technology finance, green finance, inclusive finance, ageing finance and digital finance
“Win to Fortune”	A corporate and inter-bank wealth management brand of the Bank providing comprehensive one-stop wealth management solutions for corporate, government institutions and inter-bank financial customers through intelligent financial service and digital transformation.
“OTO”	OTO brand, launched in 2006, is a core sub-brand of retail business of the Bank with the brand philosophy of “creating and sharing abundant wealth with noble virtue.”
“BOCOM Zhanyetong”	The Bank’s unified brand of inclusive finance, comprising the online product “Zhanye e-Loan” and the offline product.
“BOCOM Yinongtong”	The Bank’s unified brand of rural rejuvenation, comprising the online product “Yinong e-Loan” and the offline product.
“Personal Mobile Banking”	A mobile APP providing online business processing and other services to personal customers of the Bank and covering a variety of financial products and life service needs of customers.
“Corporate Mobile Banking”	A portable and convenient channel providing online account opening, account services, transfer and payment, agency payment and withholding, loan financing, group services, bill businesses, wealth management and investment, international businesses for corporate customers through APPs on mobile phones and tablet computers, with close and convenient channels.
“Corporate Online Banking”	An electronic transaction system of the Bank providing online account opening, account services, transfer and payment, agency payment and withholding, loan financing, group services, bill businesses, wealth management and investment, international businesses for corporate customers through the Internet.
“Go Pay”	A one-stop digital service platform of finance and life for all customers.
“BOCOM On-cloud”	A digital service brand, building a “cloud outlet, cloud teller, and cloud butler” system based on remote video services, meeting customers’ digitalized service needs through a new mode of online service as screen-to-screen service.
“RMB”	Renminbi Yuan (RMB)

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

GENERAL INFORMATION

I. CORPORATE INFORMATION

Chinese name: 交通银行股份有限公司
Chinese abbreviation: 交通銀行
English name: Bank of Communications Co., Ltd.

Legal representative: Ren Deqi
Authorized representatives: Ren Deqi, He Zhaobin
Secretary of the Board of Directors and Company Secretary: He Zhaobin

Registered address: No. 188 Yin Cheng Zhong Lu,
(Shanghai) Pilot Free Trade Zone,
PRC

Contact and address:

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www.bankcomm.cn
Principal place of business in Hong Kong: No. 20 Pedder Street, Central,
Hong Kong Special Administrative Region of the PRC

Information Disclosure Channels and Places Where the Interim Report is Available

A share: *China Securities Journal, Shanghai Securities News, Securities Times* and website of the SSE at www.sse.com.cn
H share: Website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk
Places where the interim report is available: Board of Directors Office of the Bank

Information of Shares

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

Domestic auditor: KPMG Huazhen LLP
8/F, Office Tower E2,
Oriental Plaza, 1 East Chang
An Avenue, Dongcheng District,
Beijing, PRC

Name of the undersigned accountants: SHI Haiyun, LI Li

International auditor: KPMG (Registered Public Interest Entity Auditor)
8/F, Prince's Building, 10 Chater Road, Central, Hong Kong Special Administrative Region of the PRC
Name of the undersigned accountants: CHEN Shaodong

GENERAL INFORMATION

Sponsor for continuous supervision

Guotai Haitong Securities Co., Ltd.

36/F, Bohua Plaza, No. 669 Xinzha Road, Jing'an District, Shanghai, PRC

Name of the undersigned sponsor: CAI Rui, XU Li

Period of continuous supervision: From 17 June 2025 to 31 December 2026

CSC Financial Co., Ltd.

Room 2206, North Tower, Shanghai Stock Exchange Building, No. 528 Pudong Nan Road, Pudong New Area, Shanghai, PRC

Name of the undersigned sponsor: ZHOU Zihao, YANG Cheng

Period of continuous supervision: From 17 June 2025 to 31 December 2026

PRC legal advisor:

AllBright Law Offices

Hong Kong legal advisor:

Herbert Smith Freehills Kramer

Share Registrar and Transfer Office

A Share: China Securities Depository and Clearing Corporation Limited, Shanghai Branch

No. 188 South Yanggao Road, Pudong New Area, Shanghai, PRC

H Share: Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Center,
183 Queen's Road East, Hong Kong Special Administrative Region of the PRC

Other Information

Unified social credit code: 9131000010000595XD

II. COMPANY PROFILE AND PRINCIPAL BUSINESSES

Founded in 1908, the Bank is one of the banks with the longest history in modern China. The Bank reopened after reorganization on 1 April 1987 and became the first nationwide state-owned joint-stock commercial bank in China, with Head Office located in Shanghai. The Bank was listed on the Hong Kong Stock Exchange in June 2005 and on the Shanghai Stock Exchange in May 2007. In 2023, the Bank was selected as a global systemically important bank, and ranked 7th among global banks in terms of tier-1 capital according to *The Banker's* "Top 1000 World Banks" list.

Guided by the strategic goal of "building a world-class banking group with distinctive advantages", the Group regarded green finance as the keynote for operation development, solidly advanced the "five priorities" of finance, and continued to build four major business characteristics, which include inclusive finance, trade finance, sci-tech finance and wealth finance. The Group continuously improved the five professional capabilities of customer management, technology leadership, risk management, co-operation and resource allocation. With the construction of a "Shanghai-based bank" and digital transformation as strategic breakthroughs, the Group was guided towards a high-quality development.

Upon approval by the NFRA, the Bank provides comprehensive financial services including deposits and loans, supply chain finance, cash management, international settlement and trade financing, investment banking, asset custody, wealth management, bank cards, private banking, treasury businesses, etc. for 3.17 million corporate customers and 208 million retail customers through online service channels such as mobile banking and online banking, as well as over 2,800 domestic outlets and 24 overseas branches (subsidiaries) and representative offices. The Group is involved in businesses such as financial leasing, fund, wealth management, trust, insurance, overseas securities, and debt-to-equity swap through wholly-owned or controlling subsidiaries.

The Bank will fulfil the role as a leading state-owned commercial bank in supporting the real economy and serving as a cornerstone for maintaining financial stability, maintain strategic stability, prevent and resolve risks, strive to provide high-quality services to our customers, create more value for shareholders, build a happy home for employees, and make greater contributions to society!

During the Reporting Period, the Bank's operating mode, principal businesses and key performance drivers had no significant change.

FINANCIAL HIGHLIGHTS

I. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

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

<i>(in millions of RMB unless otherwise stated)</i>			
Key financial data	January to June 2026	January to June 2025	Increase/ (decrease) (%)
Net interest income	92,592	85,247	8.62
Net fee and commission income	20,473	20,458	0.07
Net operating income	142,540	133,498	6.77
Credit impairment losses	34,541	32,814	5.26
Business cost	39,103	39,933	(2.08)
Profit before tax	53,637	46,910	14.34
Net profit (attributable to shareholders of the parent company)	47,874	46,016	4.04
Earnings per share for profit (attributable to holders of ordinary shares of the parent company, in RMB yuan) ¹	0.52	0.59	(11.86)
	30 June 2026	31 December 2025	Increase/ (decrease) (%)
Total assets	16,260,175	15,548,388	4.58
Loans and advances to customers ²	9,489,673	9,123,571	4.01
Total liabilities	14,956,243	14,268,106	4.82
Deposits from customers ²	9,915,436	9,307,815	6.53
Equity (attributable to shareholders of the parent company)	1,292,792	1,269,232	1.86
Net assets per share (attributable to holders of ordinary shares of the parent company, in RMB yuan) ³	13.22	12.93	2.24
Net capital ⁴	1,653,541	1,589,837	4.01
Including: Net common equity tier-1 capital ⁴	1,162,549	1,138,469	2.12
Net additional tier-1 capital ⁴	125,074	126,591	(1.20)
Net tier-2 capital ⁴	365,918	324,777	12.67
Risk-weighted assets ⁴	10,334,314	9,958,343	3.78
Key financial ratios (%)	January to June 2026	January to June 2025	Change (percentage point(s))
Annualized return on average assets	0.61	0.61	–
Annualized weighted average return on net assets ¹	8.09	9.16	(1.07)
Net interest margin ⁵	1.23	1.21	0.02
Cost-to-income ratio ⁶	27.47	29.94	(2.47)
	30 June 2026	31 December 2025	Change (percentage point(s))
Non-performing loan ratio ⁷	1.30	1.28	0.02
Provision coverage ratio	203.80	208.38	(4.58)
Capital adequacy ratio ⁴	16.00	15.96	0.04
Tier-1 capital adequacy ratio ⁴	12.46	12.70	(0.24)
Common equity tier-1 capital adequacy ratio ⁴	11.25	11.43	(0.18)

FINANCIAL HIGHLIGHTS

Notes:

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

ECONOMIC AND FINANCIAL LANDSCAPE

I. ECONOMIC AND FINANCIAL LANDSCAPE

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

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

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

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II. BUSINESS REVIEW

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

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

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

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

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

(I) Development Strategies and Implementation

1. *Continuous promotion of high-quality development*

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

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

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

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

2. *Make solid progress in advancing the “five priorities” of finance*

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

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

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

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

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

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

3. Supporting Shanghai’s development as an international financial center

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

Column

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

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

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

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

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

Enhancing Market Vitality and Strengthening Global Resource Allocation

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

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

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

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Case Study

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

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

(II) Corporate Banking

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

1. Technology finance services

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

We transformed our business development mindset by shifting from a traditional credit mindset which focuses on financial statements, collateral and historical data to an investment banking mindset that emphasizes management team, industry tracks and future prospects, placing enterprise value creation at the core. **We reshaped our evaluation system** by independently developing a “1+N” evaluation model for technology-based enterprises. This model accurately assesses enterprises’ “technological capabilities” across multiple dimensions and integrates this assessment into the entire business process, including marketing access, credit approval and risk prevention. **We strengthened our industry research** by focusing on key sectors in technology finance, establishing dedicated research teams involving cross-departmental collaboration and participation of our head office, branches and sub-branches, thereby directing more finance resources to priority areas. **We optimized our organizational structure** by establishing dedicated technology finance promotion institutions including specialized departments, special task forces and flexible teams across more than 30 domestic branches. Taking the lead in Shanghai, Zhejiang, and Anhui, we have been cultivating a team of Sector Managers. **We were**

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also committed to developing our ecosystem by co-building a deeply integrated ecosystem of industry, academia, research, and application, and actively connecting with universities, research institutes and incubators, which helped to accelerate the commercialization of scientific and technological achievements. Furthermore, we strengthened our collaboration with China's three major stock exchanges and organized a series of events, such as "Visit to Stock Exchanges," for enterprises across various regions, empowering them to successfully enter the capital markets.

Case Study

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

Building upon the foundation of our credit service capabilities, we leveraged our comprehensive financial license advantage to provide integrated solutions encompassing equity, loans, bonds, leasing, and trusts, tailored to the growth trajectories of enterprises.

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

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

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

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

2. Inclusive services for small and micro enterprises

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

BUSINESS REVIEW

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

3. Investment banking services

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

4. Customer development

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

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

5. Scenario development

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

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

6. Ageing finance

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

Financial support for the ageing industry continued to be promoted. We optimized our distinctive Elderly Care e-Loan product and actively promoted the implementation of service consumption and elderly care re-lending policies to support the development of elderly care service providers and entities in the silver economy. As at the end of the Reporting Period, the Bank’s loan balance for the ageing industry increased by 9.26% compared to the end of the previous year. The scale of pension financial services grew rapidly. We vigorously promoted social security cards, annuities, and personal pension services, maintaining our pension fund custody scale at the forefront of the industry. Financial supply of ageing wealth management was enriched, with our subsidiaries maintaining a competitive edge in specialized areas such as the scale of ageing target fund under management and the yield rates of ageing wealth management products. The Bank promoted financial support for ageing consumption. We offered benefits such as payment discounts and exclusive travel services for senior-aged customers in selected regions to stimulate consumption among elderly consumers. Financial services became

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more elderly-friendly. We prioritized the development of specialized pension finance branches to upgrade age-friendly facilities and services. Furthermore, we intensified the building of the ageing finance ecosystem. We have implemented prepaid fund supervision services for elderly care facilities across multiple regions nationwide, safeguarding the “wallets” of the elderly people. As at the end of the Reporting Period, 26 domestic branches had obtained the qualification to serve as custodian banks for prepaid fund supervision of local elderly care facilities, cumulatively serving over 800 such facilities. Centering on core lifestyle needs of the elderly people including healthcare, nutrition, housing, transportation, recreation, wellness, and education, the Bank made efforts to build an integrated “elderly care + financial services” ecosystem.

(III) Personal Banking

- ◆ We established a mechanism for the coordinated development of retail AUM and savings deposits, offering diversified asset allocation services to customers. We strengthened the balanced management of deposit volume and pricing, and continuously optimized the deposit structure. As at the end of the Reporting Period, the AUM of personal customers of our domestic branches reached RMB6.32 trillion, growing by 5.79% from the end of the previous year. Personal deposit balances reached RMB4.31 trillion, representing an increase of 6.08% from the end of the previous year. During the Reporting Period, the average annualized cost rate of personal deposit decreased by 37 basis points year-on-year.
- ◆ We resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council on expanding domestic demand and promoting consumption, thoroughly carried out the package of fiscal-financial policies to boost domestic demand, and actively innovated financial products and service models to improve service quality and efficiency. As at the end of the Reporting Period, the balance of personal loans reached RMB2.76 trillion.

1. *Wealth management*

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

Column

Pursuing Excellence with Craftsmanship to Safeguard Household Wealth

Finance for the People, Growing Together

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

With Professionalism and Commitment, Enhancing Service Offerings

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

Deepening Footprint and Enriching Ecosystem

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

2. Private banking

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

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

3. *Personal loans*

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

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

4. Credit cards

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

5. Retail customers

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

6. Scenarios and payments

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

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

(IV) Inter-bank and Financial Market Business

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

1. *Inter-bank business*

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

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

2. Financial market business

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

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

3. Asset custody business

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

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

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(V) Feature of Comprehensive Services

- ◆ The Group has established a development pattern with commercial banking as the main body, in close coordination and connection with other financial services including financial leasing, fund management, wealth management, trust, insurance, overseas securities and debt-to-equity swap, so as to provide comprehensive financial services for customers.
- ◆ During the Reporting Period, the Bank's subsidiaries¹ earned a net profit attributable to shareholders of the parent company of RMB6.694 billion, representing 13.98% of the Group's net profit (attributable to shareholders of the parent company). As at the end of the Reporting Period, total assets of the subsidiaries stood at RMB777.073 billion, representing 4.78% of the Group's total assets.

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

During the Reporting Period, the company continued to deepen its transformation and innovation efforts, with new infrastructure and new energy leasing operations accounting for nearly 70% of equipment leasing deployments. We actively supported high-level technological self-reliance and self-strengthening, with the technology leasing business balance reaching RMB53.340 billion. The company completed its first satellite finance leasing business, which provided robust support for the high-quality development of the commercial aerospace industry and refined the Company's full-spectrum layout covering maritime, land, aviation and space sectors. The company also successfully launched compute server operating leasing business. During the Reporting Period, the company coordinated with 26 domestic branches of the Bank to achieve

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

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a financing scale of RMB26.401 billion. It continuously reinforced the cooperation with multiple domestic branches of the Bank and successfully originated over RMB5 billion of new residential distributed solar photovoltaic operating lease business. The company also, in synergy with Shanghai Branch of the Bank, facilitated the development of battery operating leasing business. As at the end of the Reporting Period, direct leasing business accounted for 63% and operating leasing assets accounted for 54.05%, both maintaining industry-leading positions.

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

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

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

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

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

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

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

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

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

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

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

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

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

(VI) Feature of Cross-border Services

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

1. Overseas service network

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

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

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2. *Actively contributing to stable foreign trade*

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

3. *Serving enterprises "going global"*

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

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

4. *Supporting the internationalization of RMB*

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

(VII) Fintech and Channel Construction

- ◆ The Bank strengthened the guiding role of technological innovation, continued to reinforce foundational AI capabilities, and bolstered capacities in computing power supply, data governance, model services and platform support, so as to drive high-quality financial development through digital and intelligent transformation.
- ◆ The Bank comprehensively reinforced the online channel service system, continuously enhanced the offline channel network, and built a full-spectrum financial service ecosystem. The Bank leveraged application innovation, scenario innovation, and technological innovation to sharpen the core competitiveness of the digital RMB business.

1. *Fintech*

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

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

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

2. Online Channel

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

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

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

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

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

3. *Offline Channel*

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

4. *Digital RMB*

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

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

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

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

FINANCIAL STATEMENT ANALYSIS

III. FINANCIAL STATEMENT ANALYSIS

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

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

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

(I) Analysis on Key Income Statement Items

1. Structure and change of income statement

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

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

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

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)
January to June 2026

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

2. Net interest income

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

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

(in millions of RMB unless otherwise stated)
January to June 2026 January to June 2025

	Average balance	Interest income (expense)	Annualized average rate of return/ (cost) (%)	Average balance	Interest income (expense)	Annualized average rate of return/ (cost) (%)
Assets						
Cash and balances with central banks	741,777	5,632	1.53	728,495	5,577	1.54
Due from and placements with banks and other financial institutions	1,161,085	12,084	2.10	988,856	13,580	2.77
Loans and advances to customers	9,350,818	132,771	2.86	8,814,835	138,325	3.16
Investment securities	3,873,917	54,835	2.85	3,670,124	56,479	3.10
Interest-bearing assets	15,127,597	205,322	2.74	14,202,310	213,961	3.04
Non-interest-bearing assets	1,081,445			1,065,644		
Total assets	16,209,042			15,267,954		
Liabilities and shareholders' equity						
Deposits from customers	9,414,910	69,602	1.49	8,830,143	81,155	1.85
Due to and placements from banks and other financial institutions	2,748,806	21,781	1.60	2,304,298	22,108	1.93
Debt securities issued and others	1,950,367	21,347	2.21	2,146,215	25,451	2.39
Interest-bearing liabilities	14,114,083	112,730	1.61	13,280,656	128,714	1.95
Equity and non-interest-bearing liabilities	2,094,959			1,987,298		
Total equity and liabilities	16,209,042			15,267,954		
Net interest income		92,592			85,247	
Net interest spread¹			1.13			1.09
Net interest margin²			1.23			1.21

FINANCIAL STATEMENT ANALYSIS

Notes:

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

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

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

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

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

FINANCIAL STATEMENT ANALYSIS

(1) Interest income

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

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

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

(in millions of RMB unless otherwise stated)

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

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

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

FINANCIAL STATEMENT ANALYSIS

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

(2) Interest expenses

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

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

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

(in millions of RMB unless otherwise stated)

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

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

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

FINANCIAL STATEMENT ANALYSIS

3. Net fee and commission income

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

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

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

4. Other non-interest income

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

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

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

FINANCIAL STATEMENT ANALYSIS

5. Business cost

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

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

	<i>(in millions of RMB unless otherwise stated)</i>		
	January to June 2026	January to June 2025	Increase/ (decrease) (%)
Staff costs	16,602	15,592	6.48
General operating and administrative expenses	18,028	19,475	(7.43)
Depreciation and amortization	4,473	4,866	(8.08)
Total business cost	39,103	39,933	(2.08)

6. Asset impairment losses

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

7. Income tax

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

(II) Analysis on Key Balance Sheet Items

1. Assets

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

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

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

FINANCIAL STATEMENT ANALYSIS

(1) Loans and advances to customers

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

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

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

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

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

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

FINANCIAL STATEMENT ANALYSIS

Distribution of loans and advances to customers by security types

(In millions of RMB unless otherwise stated)

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

Expected credit loss allowance for loans and advances to customers

(in millions of RMB)

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

(2) Financial investments

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

The breakdown of investments by nature

(in millions of RMB unless otherwise stated)

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

FINANCIAL STATEMENT ANALYSIS

The breakdown of investments by the presentation basis of financial statements

(in millions of RMB unless otherwise stated)

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

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

Bond investment structure by issuer

(in millions of RMB unless otherwise stated)

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

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

FINANCIAL STATEMENT ANALYSIS

Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

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

Notes:

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

(3) Foreclosed assets

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

(in millions of RMB)

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

2. Liabilities

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

(in millions of RMB unless otherwise stated)

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

FINANCIAL STATEMENT ANALYSIS

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

Deposits from customers

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

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

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

3. Off-balance sheet items

The Group's off-balance sheet items included agency investment and financing services, intermediary services, derivative financial instruments, contingencies and commitments. Of which, agency investment and financing services mainly included, among others, asset management products, offering brokerage and security underwriting; intermediary services mainly included, among others, agency services and asset custody; derivative financial instruments mainly included, among others, interest rate derivative instruments, currency derivative instruments and commodity derivative instruments. Please refer to Note 17 to the Consolidated Financial Statements for the details of notional amount and fair value of the derivative financial instruments; contingencies and commitments mainly included outstanding litigations, credit related commitments and financial guarantees, capital expenditure commitments, operating leasing commitments, commitments on security underwriting and bond acceptance. Please refer to Note 36 to the Consolidated Financial Statements for details of contingencies, and Note 37 to the Consolidated Financial Statements for details of commitments.

FINANCIAL STATEMENT ANALYSIS

The Group uses part of its assets as collaterals for inter-bank repurchase arrangements and other liabilities-related business. Please refer to Note 38 to the Consolidated Financial Statements for details.

(III) Analysis on Key Cash Flow Items

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

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

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

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

(IV) Segment Analysis

1. Operating results by geographical segments

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

(in millions of RMB unless otherwise stated)

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

Notes:

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

FINANCIAL STATEMENT ANALYSIS

2. Deposits and loans by geographical segments

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

(in millions of RMB unless otherwise stated)

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

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

(in millions of RMB unless otherwise stated)

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

FINANCIAL STATEMENT ANALYSIS

3. Operating results by business segments

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

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

(in millions of RMB unless otherwise stated)

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

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

RISK MANAGEMENT

IV. RISK MANAGEMENT

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

(I) Risk Management Framework

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

(II) Digital and Intelligent Empowerment in Risk Management

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

RISK MANAGEMENT

(III) Credit Risk Management

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

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

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

1. Distribution of loans by 5-category classification standards

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

RISK MANAGEMENT

2. Distribution of special mention loans and overdue loans by business type*(in millions of RMB unless otherwise stated)*

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

3. Distribution of loans and non-performing loans by business type*(in millions of RMB unless otherwise stated)*

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

RISK MANAGEMENT

4. Distribution of loans and non-performing loans by industry

(in millions of RMB unless otherwise stated)

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

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

RISK MANAGEMENT

5. Distribution of loans and non-performing loans by region*(in millions of RMB unless otherwise stated)*

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

Note: Head Office included the Pacific Credit Card Center.

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

6. Overdue loans and advances*(in millions of RMB unless otherwise stated)*

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

7. Restructured loans

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

RISK MANAGEMENT

8. Loan migration rates

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

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

9. Credit risk concentration

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

(in millions of RMB unless otherwise stated)

30 June 2026

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

(IV) Market Risk Management

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

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

RISK MANAGEMENT

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

(V) Management System for Interest Rate Risk in the Banking Book

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

(VI) Liquidity Risk Management

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

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

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

RISK MANAGEMENT

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

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

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

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

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

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

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

(VII) Operational Risk Management

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

RISK MANAGEMENT

(VIII) Compliance and Anti-money Laundering

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

(IX) Reputational Risk Management

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

(X) Cross-sector, Cross-border and Country Risk Management

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

RISK MANAGEMENT

(XI) Management of Large Exposure

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

(XII) Climate and Environmental Risk Management

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

(XIII) Model Risk Management

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

CAPITAL MANAGEMENT

V. CAPITAL MANAGEMENT

(I) Capital Adequacy Ratio and Leverage Ratio

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

1. Capital Adequacy Ratios

(in millions of RMB unless otherwise stated)

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

2. Leverage Ratio

(in millions of RMB unless otherwise stated)

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

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

CAPITAL MANAGEMENT

(II) Capital Financing Management

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

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

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

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

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

VI. OUTLOOK

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

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

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

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

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

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

CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

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

	30 June 2026			31 December 2025	
	Number of shares (shares)	Percentage (%)	Increase/ decrease during the Reporting Period	Number of shares (shares)	Percentage (%)
I. Shares subject to sales restrictions	31,833,482,023	36.03	–	31,833,482,023	36.03
1. State-owned shares	30,942,772,271	35.02	–	30,942,772,271	35.02
2. Shares held by state-owned legal persons	890,709,752	1.01	–	890,709,752	1.01
3. Shares held by other domestic investors	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–
II. Shares not subject to sales restrictions	56,530,302,200	63.97	–	56,530,302,200	63.97
1. Renminbi ordinary shares	26,072,439,569	29.51	–	26,072,439,569	29.51
2. Domestically listed foreign shares	–	–	–	–	–
3. Overseas listed foreign shares	30,457,862,631	34.47	–	30,457,862,631	34.47
III. Total shares	88,363,784,223	100.00	–	88,363,784,223	100.00

II. SHAREHOLDERS OF ORDINARY SHARES

As at the end of the Reporting Period, the total number of shareholders of ordinary shares of the Bank was 337,632, of which 310,167 were holders of A shares and 27,465 were holders of H shares.

(I) Shareholdings of the Top 10 Ordinary Shareholders as at the End of the Reporting Period

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

CHANGES IN SHARES AND SHAREHOLDERS

Notes:

1. The relevant data and information are based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
2. According to the Bank's register of members, HSBC held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited").
3. Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of the SSF. Other than the above shareholdings, the SSF held additional 611,307,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). As at the end of the Reporting Period, the SSF held a total of 12,149,795,900 A shares and H shares of the Bank, representing 13.75% of the Bank's total ordinary shares issued.
4. HKSCC Nominees Limited held the H shares of the Bank as a nominee. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and the SSF, respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders, respectively as well, which were registered in the Bank's register of members.
5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks* (CBRC Decree [2018] No. 1). 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorized and entrusted China National Tobacco Corporation to present at the Shareholders' Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Securities Clearing Company Limited. Furthermore, the Bank is not aware of the existence of any related relationship among the other top 10 shareholders, or whether they are parties acting in concert as defined in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.
6. Except that the situation of HKSCC Nominees Limited is unknown, the top 10 shareholders and the top 10 shareholders not subject to sales restrictions of the Bank did not participate in margin trading and refinancing business.

(II) Shareholdings of the Top 10 Shareholders not subject to Sales Restrictions

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

CHANGES IN SHARES AND SHAREHOLDERS

(III) Trading Date of Shares subject to Sales Restrictions

Date	Number of new shares for trading upon the expiry of the sales restrictions (shares)	Balance of shares subject to sales restrictions (shares)	Balance of shares not subject to sales restrictions (shares)	Description
17 December 2026	17,732,424,445	14,101,057,578	74,262,726,645	All shares originally held in the Bank by the Ministry of Finance prior to its subscription in the 2025 A share issuance of the Bank
17 June 2030	14,101,057,578	–	88,363,784,223	A shares subscribed for in the 2025 issuance of the Bank by the Ministry of Finance, CNTC and CDIC

Note: Information in the table above was prepared based on the share registration recorded in Shanghai Branch of China Securities Depository and Clearing Corporation Limited as of 30 June 2026.

(IV) Shareholdings of the Shareholders subject to Sales Restrictions and Terms of Sales Restrictions

No.	Shareholders subject to sales restrictions	Number of shares held subject to sales restrictions (shares)	Date on which shares may be traded	Number of new shares for trading (shares)	Restrictions on sales
1	The Ministry of Finance of the People's Republic of China	17,732,424,445	17 December 2026	–	All shares originally held in the Bank shall be subject to a lock-up period of 18 months from the date of equity acquisition upon the 2025 A share issuance of the Bank
		13,210,347,826	17 June 2030	–	The A shares subscribed for in the 2025 issuance of the Bank shall be subject to a lock-up period of 5 years from the date of equity acquisition
2	China National Tobacco Corporation	538,183,313	17 June 2030	–	The A shares subscribed for in the 2025 issuance of the Bank shall be subject to a lock-up period of 5 years from the date of equity acquisition
3	China Doublewin Investment Co., Ltd.	352,526,439	17 June 2030	–	The A shares subscribed for in the 2025 issuance of the Bank shall be subject to a lock-up period of 5 years from the date of equity acquisition

Note: Information in the table above was prepared based on the share registration recorded in Shanghai Branch of China Securities Depository and Clearing Corporation Limited as of 30 June 2026.

(V) Controlling Shareholders

As at the end of the Reporting Period, the controlling shareholder of the Bank was the Ministry of Finance.

CHANGES IN SHARES AND SHAREHOLDERS

(VI) Substantial Shareholders

Pursuant to the *Provisional Measures on Shareholdings Administration of Commercial Banks* (CBRC Decree [2018] No. 1), as at the end of the Reporting Period, the Bank's substantial shareholders including the Ministry of Finance, HSBC, the SSF and CNTC are detailed as follows:

1. Substantial shareholders holding 5% or more shares of the Bank

- (1) The Ministry of Finance is the largest shareholder of the Bank, which was incorporated in October 1949 as a division of the State Council, in charge of national financial revenue and expenditure as well as fiscal and taxation policies. Its person in charge is Lan Fo An. Its registered address is No. 3 South Lane, San Li He, Xicheng District, Beijing. Its unified social credit code is 11100000000013186G. As at the end of the Reporting Period, the Ministry of Finance held a total of 30,942,772,271 A shares and H shares of the Bank, representing a shareholding of 35.02% of the Bank. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.
- (2) HSBC is the second largest shareholder of the Bank, which was incorporated in 1866, primarily providing comprehensive local and international banking services and related financial services in the Asia-Pacific region. Its Co-chief Executive Officers are Liao, Yi Chien David and Surendra Rosha. Its registered address is No. 1 Queen's Road Central, Central, Hong Kong. As at the end of the Reporting Period, the ordinary share capital issued by HSBC is HKD167,570,799,495 and USD7,198,000,000, which was divided into 67,028,319,798 ordinary shares. Its business registration certificate number is 00173611-000. Its controlling shareholder is HSBC Asia Holdings Limited. Its actual controller is HSBC Holdings plc. Its ultimate beneficiary is HSBC Holdings plc. As at the end of the Reporting Period, HSBC beneficially held a total of 14,135,636,613 H shares of the Bank, representing a shareholding of 16.00% of the Bank. This shareholder has no parties acting in concert. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.
- (3) The SSF is the third largest shareholder of the Bank, which was incorporated in August 2000. It is an independent legal entity under the management of the Ministry of Finance, responsible for managing and operating national social security fund. Its legal representative is Liu Kun. Its registered capital is RMB8.00 million. Its registered address is Fortune Time Building, No. 11 Fenghuiyuan, Xicheng District, Beijing. Its unified social credit code is 12100000717800822N. Pursuant to the regulations of the Ministry of Finance and the Ministry of Human Resources and Social Security, the SSF is entrusted to manage the following funds: national social security fund, central government subsidy for personal accounts, part of basic pension insurance funds for enterprise employees, basic pension insurance fund and part of state-owned capital transferred. As at the end of the Reporting Period, the SSF held a total of 12,149,795,900 A shares and H shares of the Bank, representing a shareholding of 13.75% of the Bank. To the knowledge of the Bank, this shareholder did not pledge any shares of the Bank.

For details of the related-party transactions conducted by the Bank with the Ministry of Finance, HSBC and the SSF, please refer to Note 44 to the Consolidated Financial Statements.

CHANGES IN SHARES AND SHAREHOLDERS

2. Other substantial shareholders under regulatory standards

Pursuant to the *Provisional Measures on Shareholdings Administration of Commercial Banks* (CBRC Decree [2018] No. 1), the Bank's other substantial shareholder is CNTC. As at the end of the Reporting Period, CNTC held 0.61% of shares of the Bank, and did not pledge any shares of the Bank. CNTC was established on 15 December 1983 with a registered capital of RMB57 billion. Its legal representative is Yao Laiying. The Ministry of Finance, on behalf of the State Council, assumes the investor's role. A total of 7 subordinate enterprises of CNTC, including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., authorized and entrusted CNTC to present at the Shareholders' Meeting of the Bank and to exercise their voting right on their behalf.

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

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

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

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

Notes:

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

CHANGES IN SHARES AND SHAREHOLDERS

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

III. INFORMATION OF PREFERENCE SHARES

(I) Information of Preference Shareholders

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

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

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

Notes:

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

CHANGES IN SHARES AND SHAREHOLDERS

(II) Dividends Distribution of Preference Shares

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

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

(III) Restoration of Voting Rights of Preference Shares

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

(IV) Accounting Policy for Preference Shares and its Rationale

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

IV. ISSUANCE AND LISTING OF SECURITIES

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

The Bank privately issued 450 million domestic preference shares in September 2016. Assuming the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares. For further details of domestic preference shares, please refer to Note 32 to the Consolidated Financial Statements.

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

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

For details of bonds issued by the Bank and its subsidiaries and still in existence, please refer to Note 29 and Note 32 to the Consolidated Financial Statements.

The Bank has no employee stock.

CORPORATE GOVERNANCE

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

During the Reporting Period, the Bank fully complied with the code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules, and complied with most of the recommended best practices contained therein.

I. SHAREHOLDERS' MEETING

On 26 June 2026, the Bank held the 2025 annual general meeting, where eight proposals, including the *2025 Report of the Board of Directors*, the *2025 Financial Report* and the *2025 Profit Distribution Plan*, were considered and approved. The announcements of the resolutions of the shareholders' meetings were disclosed on the website of SSE, the website of HKEXnews of Hong Kong Exchanges and Clearing Limited, and the website of the Bank, and were also published via media designated by the CSRC.

II. PROFIT DISTRIBUTION PLAN

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

CORPORATE GOVERNANCE

III. DIRECTORS AND SENIOR MANAGEMENT

As at the date of this report, directors and senior management of the Bank are as below:

Name	Position	Name	Position
Ren Deqi	Chairman of the Board of Directors and Executive Director	Wong Tin Chak	Independent Non-executive Director
Zhang Baojiang	Vice Chairman of the Board of Directors, Executive Director and President	Xiao Wei	Independent Non-executive Director
Yin Jiuyong	Executive Director and Executive Vice President	Liu Ruixia	Independent Non-executive Director
Zhou Wanfu	Executive Director and Executive Vice President	Qian Bin	Executive Vice President
Chang Baosheng	Non-executive Director	Gu Bin	Executive Vice President
Liao, Yi Chien David	Non-executive Director	Yang Tao	Executive Vice President
Chan Siu Chung	Non-executive Director	He Zhaobin	Secretary of the Board of Directors
Mu Guoxin	Non-executive Director	Lin Hua	Chief Business Officer (Retail and Private Business)
Ai Dong	Non-executive Director	Liu Jianjun	Chief Risk Officer and Chief Compliance Officer
Zhang Xiangdong	Independent Non-executive Director	Liu Lei	Chief Information Officer
Li Xiaohui	Independent Non-executive Director	Cho Kwok Hung	BOCOM-HSBC Strategic Cooperation Consultant
Ma Jun	Independent Non-executive Director		

Changes in Directors and Senior Management

Newly elected/appointed

Name	Position	Change
Liu Ruixia	Independent Non-executive Director	Elected
Liu Lei	Chief Information Officer	Appointed

Resigned

Name	Ex-position	Change
Shi Lei	Independent Non-executive Director	Retired
Tu Hong	Chief Business Officer (Inter-bank and Market Business)	Retired

Changes in the Information of Directors and Senior Management

Mr. Ai Dong, a non-executive Director, serves as a director of Shanghai New Tobacco Products Research Institute Co., Ltd. and ceased to be a supervisor of China Tobacco Magazine Co., Ltd.

Mr. Liu Jianjun, the Chief Risk Officer, concurrently serves as the Chief Compliance Officer.

Mr. Qian Bin, an Executive Vice President, ceased to be the Chief Information Officer.

CORPORATE GOVERNANCE

Shareholdings of Directors and Senior Management

Name	Position	Class of shares	Number of shares held at the beginning of the Reporting Period (share)	Increase (or decrease) in shareholdings during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Reason for changes
Ren Deqi	Chairman of the Board of Directors and Executive Director	A Share	0	0	0	–
		H Share	500,000	0	500,000	–
Chan Siu Chung	Non-executive Director	A Share	0	0	0	–
		H Share	49,357	0	49,357	–
He Zhaobin	Secretary of the Board	A Share	96,700	0	96,700	–
		H Share	0	0	0	–
Lin Hua	Chief Business Officer (Retail and Private Business)	A Share	202,100	0	202,100	–
		H Share	0	0	0	–
Liu Jianjun	Chief Risk Officer and Chief Compliance Officer	A Share	220,000	0	220,000	–
		H Share	0	0	0	–
Liu Lei	Chief Information Officer	A Share	160,000	0	160,000	–
		H Share	0	0	0	–
Resigned/Retired Directors and Senior Management						
Tu Hong	Chief Business Officer (Inter-bank and Market Business)	A Share	70,000	0	70,000	–
		H Share	50,000	0	50,000	–

Additionally, Mr. Chan Siu Chung, a Director of the Bank, held 98 H shares of BOCOM International Holdings Company Limited. Save as disclosed above, as at the end of the Reporting Period, none of the Bank's directors or chief executives had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Bank and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be recorded in the register as kept pursuant to Section 352 of the SFO, or which were required, pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* contained in Appendix C3 to the Hong Kong Listing Rules to be notified to the Bank and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE

IV. HUMAN RESOURCE MANAGEMENT

(I) Basic Information of Employees

As at the end of the Reporting Period, the Group had a total of 96,876 employees, of whom 90,835 employees were based in domestic banking institutions and 2,678 were local employees in overseas banking institutions. The number of employees of the Bank's subsidiaries was 3,363.

Assets, Entities and Employees by Regions as at the end of the Reporting Period

	Assets		Entities		Employees	
	Amount (in millions of RMB)	Proportion (%)	Number of entities	Proportion (%)	Number of employees	Proportion (%)
Yangtze River Delta	4,198,525	25.82	714	24.72	26,393	27.24
Pearl River Delta	1,403,155	8.63	329	11.38	10,376	10.71
Bohai Rim Economic Zone	2,583,222	15.89	483	16.71	14,739	15.22
Central China	1,802,406	11.08	519	17.96	15,459	15.96
Western China	1,212,600	7.46	473	16.37	12,888	13.30
North Eastern China	541,281	3.33	305	10.55	8,402	8.67
Overseas	1,258,845	7.74	66	2.28	3,137	3.24
Head Office	6,016,079	37.00	1	0.03	5,482	5.66
Eliminated and unallocated assets	(2,755,938)	(16.95)	—	—	—	—
Total	16,260,175	100.00	2,890	100.00	96,876	100.00

Note: The number of employees in the Head Office excluded the employees in the Pacific Credit Card Center, the financial service centers/ business operation department and the staff dispatched from the Head Office. The number of entities refers to the number of banking institutions.

(II) Employees' Remuneration Policy

Under the Group's strategic goals and reform and development requirements, the Bank established the sound performance appraisal and remuneration system of "salary determined by post and bonus granted upon performance" and the Bank was committed to fostering and practicing a correct view of political performance, continuously refining its incentive and restraint mechanisms, and promoting its high-quality and sustainable development. Please refer to Note 12 to the Consolidated Financial Statements for details of staff costs and benefits of the Bank.

CORPORATE GOVERNANCE

(III) Employee Training

During the Reporting Period, the Bank deeply studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, with a particular focus on his thoughts on Party building. Centering on serving the building of a strong financial country and the launch of the “15th Five-Year Plan”, the Bank implemented the “National Hundred, Thousand, and Ten Thousand Talents” key talent development initiative, with the objective of cultivating a team of cadres and talents demonstrating strong political integrity, professional competence, and exemplary conduct. Focusing on the training of political capabilities and operational skills, the Bank integrated the fostering and practicing of a correct view of political performance as a core component of education and training for its cadres and staff. By coordinating training resources and improving the effectiveness of capacity-building initiatives, the Bank aims to develop distinctive training features for a Shanghai-based bank to carry out training for all employees. In the first half of the year, through an online-offline integrated approach, the Bank fully leveraged the role of e-campus as “the classroom beside employees” and held over 3,300 training sessions in a stratified and categorized manner for management cadres, fintech professionals, customer managers, product managers, risk managers, and payment and settlement professionals, recording more than 400,000 employee attendances.

V. INVESTOR RELATIONS MANAGEMENT

The Bank consistently adheres to the concept of maximizing investor value, and sustains its position as an active bank in the capital markets. It continuously strengthened investor relations management to promote value return and recognition. Maintaining “zero-distance” communication with the market, the Bank continuously expanded and optimized its market engagement mechanisms, and maintained close communication with its investors through diverse channels and formats. In the first half of the year, through regular earnings briefings, domestic and overseas roadshows, receiving investors for site visits and research activities, and participation in investment forums, the Bank effectively communicated its strategic implementation effectiveness and operational developments to the market, facilitating a deeper understanding among investors. The Bank actively expanded online communication platforms, comprehensively answering questions from investors, particularly small and medium-sized investors, via daily channels such as investor email, hotlines and the SSE e-Interaction platform and maintaining high-frequency interaction. The Bank continuously monitored market value operation, building a two-way communication bridge between the capital market and management, and promoting a two-way circulation and positive interaction between business management and market concerns.

The Bank followed the principle of being “truthful, accurate, complete, concise and clear, and easily understandable” in information disclosure, promptly releasing regular reports and various temporary announcements on both stock exchanges, and maintained full and effective communication with the capital market. At the same time, the Bank optimized the contents of its regular reports around the focus of market concerns, continuously disclosed the progress of its development strategies, demonstrated the features of its businesses, responded to the market’s concerns and enhanced the effectiveness of information delivery.

CORPORATE GOVERNANCE

VI. IMPLEMENTATION OF THE ACTION PLAN ON IMPROVING QUALITY, PROMOTING EFFICIENCY AND RAISING RETURNS FOR INVESTORS

In response to the SSE's proposal, the Bank formulated the *2026 Action Plan on Improving Quality, Promoting Efficiency and Raising Returns for Investors of BOCOM* in April 2026. During the Reporting Period, through concerted efforts across the Bank, the action plan was effectively implemented and translated into tangible outcomes, creating value for investors.

Focusing on value creation and promoting high-quality development. Aligned with the vision of high-quality development, and guided by the strategic goal of “building a world-class banking group with distinctive advantages”, the Bank focused on value creation, striving to improve its development quality and efficiency with optimized, enhanced and distinctive business operations. During the Reporting Period, the growth rate of the net profit (attributable to the shareholders of the parent company) and operating income of the Group both outpaced the rate in the first quarter of the year; the net interest margin achieved recovery for stabilization, and the cost-to-income ratio decreased on a year-on-year basis. The asset quality remained stable overall, and contribution of subsidiaries and overseas branches to the Group's profit increased compared to last year.

Serving the real economy and advancing the “five priorities” of finance. Leveraging the Bank's comprehensive financial license advantage, it strengthened resource integration and made concrete and meticulous efforts in the “five priorities” of finance based on local conditions, with the proportion of credit in such areas increasing. The Bank actively supported enterprises in their “going global” strategy, and achieved the balance of cross-border trade financing surging by 70.83% as at the end of the Reporting Period, compared to the end of last year.

Leveraging the advantages of a “Shanghai-based bank” to drive the development of key regions. Leveraging the Bank's own resource endowments, it made every effort to support Shanghai's high-level opening up, enhancing its competitiveness and visibility in the Shanghai market. During the Reporting Period, the Bank deeply aligned with Shanghai's Action Plan for Developing Offshore Finance, continuously iterated and upgraded its “BOCOM Trade Link” digital service platform, has been deeply involved in the development of Shanghai's financial factor markets, and continuously increased financial support for key sectors and priority industries. During the Reporting Period, the Bank resolutely implemented national strategies for key regions, achieving the percentage of the balance of loans and advances to customers in the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area increasing by 0.16 percentage point from the end of last year to 54.15%.

CORPORATE GOVERNANCE

Improving customer management capabilities and advancing the “AI+” initiative. The Bank made every effort to implement the customer base enhancement project of “strengthening medium-sized customers, stabilizing large customers, and expanding small customers.” As at the end of the Reporting Period, the number of corporate clients of our domestic branches increased by 3.23% compared to the end of the previous year. The Bank deeply implemented the “AI+” initiative to create new growth drivers, strengthened the foundational AI infrastructure, continuously improved AI governance mechanisms, promoted full-scope AI application empowerment, and accelerated the trustworthy, reliable and controllable development of AI applications.

Improving the standards of corporate governance and strengthening the responsibilities of “minority executives on key positions”. The Bank strictly followed laws, regulations, regulatory requirements, and the Articles of Association, ensured that all governance bodies perform their statutory duties lawfully and efficiently, and continuously strengthened a modern financial enterprise governance mechanism characterized by clear allocation of powers and responsibilities, coordinated operations, and effective checks and balances. During the Reporting Period, by fully playing a strategic leading role, aligned with the national “15th Five-Year Plan” and with reference to the Bank’s actual business operations, the Board of Directors considered major strategic plans of the Bank, driving their effective implementation. The Bank optimized the member composition of various Special Committees under the Board of Directors, and adopted multiple measures to give full play to the directors’ expertise. During the Reporting Period, the Board of Directors and its Special Committees operated smoothly and efficiently. The Bank provided adequate support for directors to perform their duties and conduct research across various departments and branches of the Bank.

Maintaining the bottom line of risk and consolidating the foundation for steady development. The Bank adhered to bottom-line and worst-case thinking, coordinated development and security, continued to enhance asset quality, strengthened risk prevention and control in key areas and against external shocks, and constantly improved its comprehensive risk management system, promoting high-quality development across the Bank through high-quality risk management and firmly securing the bottom line of preventing systemic risks. As at the end of the Reporting Period, the Group’s non-performing loan ratio was 1.30% and the provision coverage ratio was 203.80%, remaining generally stable.

Stabilizing cash dividends and enhancing investor returns. The Bank distributed aggregate cash dividends of RMB28.692 billion for the year 2025, accounting for 30.0% of the net profit attributable to shareholders of the parent company, with the dividend payout ratio steadily maintained at over 30%. The Bank will continue to distribute dividends twice a year to share its development achievements with investors in a timely manner, and plans that, for the years 2026 and 2027, the profits distributed in cash will be no less than 30% of the net profit attributable to shareholders of the parent company on a Group basis for the relevant financial year.

CORPORATE GOVERNANCE

Maintaining close communication with investors and promoting value recognition. During the Reporting Period, with a proactive, candid and open attitude, the Bank maintained close communication with the market through various communication channels and approaches, helping investors gain an in-depth understanding of the effectiveness of the Bank's strategy implementation and its operational developments. It proactively responded to the reasonable demands of all types of investors, building a bridge for two-way communication between the capital market and management.

Optimizing information disclosure and objectively presenting investment value. The Bank continued to make information disclosures in accordance with the principles of truthfulness, accuracy and completeness. During the Reporting Period, from the perspective of the capital market and in response to investors' demands, the Bank continued to innovate its disclosure channels and formats, enriched and improved the information in its periodic reports, continuously enhanced the quality of its sustainability (ESG) information disclosure, constantly enriched the disclosure of its implementation achievements in governance mechanisms, green finance, green operations, social responsibility and other aspects, and objectively presented its operational achievements and investment value.

For details of the specific implementation, please refer to sections headed "Business Review", "Risk Management", "Corporate Governance" and "Environmental and Social Responsibilities" in this report.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRUCTURE

The Board of Directors of the Bank is the highest decision-making body for the ESG affairs, assuming ultimate responsibility for the formulation and implementation of ESG strategies. The Board of Directors of the Bank is responsible for formulating ESG strategic goals, and supervising and evaluating its implementation effectiveness; receiving reports from its special committees and senior management on related management and progress of ESG; and guiding the Bank's ESG information disclosure.

The Social Responsibility (ESG) and Consumer Protection Committee under the Board of Directors of the Bank is responsible for formulating ESG policies, regularly reviewing ESG work and resource allocation, and enhancing the quality of ESG information disclosure; supervising and assessing the progress of green finance, social responsibility, external donations, and other matters, and making recommendations to the Board of Directors for improvement; and reviewing the report on consumer protection, with a focus on the status of product and service reviews, complaint management, debt collection, and other related work.

The Risk Management and Related-Party Transaction Control Committee under the Board of Directors of the Bank is responsible for supervising and evaluating ESG-related risk management (including climate risk), driving the integration of ESG factors into the enterprise risk management system. It also regularly receives information technology risk management reports, places emphasis on privacy and data security protection, and pays close attention to the effectiveness of risk controls across cybersecurity, system security, supply chain security, etc.

The Strategy Committee, the Audit Committee, and the Personnel and Remuneration Committee under the Board of Directors of the Bank perform their respective duties to guide, supervise and evaluate the Bank's ESG-related work. Specifically, the Strategy Committee deliberates on development plans for ESG-related areas, including green finance. The Audit Committee supervises internal and external audit work in ESG-related areas, such as information technology and employee conduct. The Personnel and Remuneration Committee and the Audit Committee, through the performance supervision and evaluation system, conduct penetrating oversight over the governance effectiveness in ESG-related areas.

The senior management of the Bank and its various standing deliberation and coordination bodies are responsible for reviewing and deliberating policies and systems in ESG-related areas, regularly assessing the progress of relevant work, and reporting to the Board of Directors and the relevant special committees. During the Reporting Period, in order to enhance its sustainable development capabilities, the Bank integrated ESG efforts into the Green Finance Committee for coordinated advancement, and renamed it the Green Finance and ESG Working Committee, which is responsible for implementing the Bank's sustainable development strategy and coordinating key tasks such as ESG information disclosure. The Comprehensive Risk Management and Internal Control Committee, the Consumer Protection Working Committee/Service Enhancement Leading Group, and the Digital Finance Committee, in accordance with their respective division of responsibilities, collaboratively advance risk management, consumer protection, privacy, data security, and other related tasks across ESG domains.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

II. ENVIRONMENTAL PROTECTION

(I) Green Finance Service

The Bank increased financial support for the construction of a beautiful China, helping promote the comprehensive green transformation of the economy and society. The Bank attaches great importance to the development of green finance at the strategic level, taking “green” as the foundation of the Group’s business operations and development. The Bank focused on key areas and key regions, strengthened service support to better meet the financial demands of various entities in green investment and financing, green consumption, and low-carbon transformation. The Bank further reinforced the green foundation of the Bank’s financial services across products and services, policy processes, and risk management and control.

1. Green finance governance framework

The Board of Directors is the highest decision-making body of the Bank for green finance and is responsible for reviewing and approving the green finance development strategies and important systems formulated by the senior management. The Social Responsibility (ESG) and Consumer Protection Committee under the Board of Directors is responsible for green finance work. During the Reporting Period, in accordance with the Group’s green finance development strategy, the senior management and the Green Finance and ESG Working Committee under it formulated the Bank-wide goals and key tasks for green finance development. The Green Finance and ESG Working Committee is chaired by the President, with the respective Vice Presidents in charge of credit and risk, corporate business, retail business and FinTech and general affairs, the Chief Risk Officer and the Secretary of the Board of Directors serving as deputy chairmen. Eight working groups have been established under the committee, namely the Investment Orientation and Structural Adjustment Working Group, the “Dual Carbon” Working Group, the ESG Working Group, the Corporate Business Working Group, the Retail Business Working Group, the Resource Support Working Group, the Transition Finance Working Group and the Green Credit Statistics Working Group.

2. Green finance policies and systems

The Bank developed a “2+N” green finance policy system. The “2” refers to the Bank’s green finance policy and action plan for serving the carbon peak and carbon neutrality, which set out the directional deployment of the Bank’s high-quality development of green finance and high-level services for the national “dual carbon” strategic goal: the specific objectives and key tasks for the three stages of 2025, 2030 and 2060 were specified. “N” refers to various types of special policies on green finance, including organizational structure, business management, support tools, industry segments, product integration, credit policies, assessment and evaluation, and regional development.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

During the Reporting Period, the Bank continued to strengthen the supply of green finance policies and enhance the support for green finance. The Bank continued to leverage the leading role of the Green Finance and ESG Work Committee, clarified the key directions and tasks for key green finance and ESG work throughout the year, and established a comprehensive package of supporting policies encompassing assessment and evaluation, resource allocation, credit review, and business training. In line with the latest regulatory requirements, operational manuals for green loan statistical classification were consolidated and revised, covering management processes, statistical scope definitions, system operations, and business guidelines, to promote the high-quality development of green finance through solid statistical management. Furthermore, in accordance with the latest requirements of the People's Bank of China, the Bank revised its internal policies regarding the carbon emission reduction support tools, optimized operational workflows, and fully leveraged these tools to support the comprehensive green transformation of the economy and society.

3. Relevant industry policies

The Bank dynamically updated the credit-granting strategy guidelines for the six sectors covering the photovoltaic industry chain, the wind energy industry chain, the smart grid industry chain, the energy storage industry chain, the hydrogen energy industry chain and the industrial green low-carbon transition. The Bank published the review and approval key points or reminder in the green finance fields such as photovoltaic, inverters, and lithium-ion batteries. In key domains including advanced batteries, new energy vehicles, clean energy, energy storage value chains, and low-carbon transition in the steel industry, the Bank conducted in-depth research on industry and credit classification strategies. The Bank focused on energy, manufacturing, urban and rural construction, transportation and other key “dual-carbon” areas, prudently supported the financial needs of traditional industries for emission reduction and carbon reduction, and continued to promote the high-quality development of the Group's green financial business.

- (1) Energy: The Bank focused on the construction of modern energy systems, offered more credit resources towards the construction of new power systems dominated by clean energy under the premise of ensuring the energy supply, and supported reasonable financing needs in the field of the clean and efficient use of coal and other fossil energy sources.
- (2) Manufacturing: In combination with the carbon peak plans for key high-carbon-emission industries such as iron and steel, non-ferrous metals, construction materials, petrochemicals and chemicals, as well as the work plan for stabilizing growth, the Bank prioritized projects and customers in line with energy consumption and energy efficiency standard, supported low-carbon transformation projects, and resolutely phased out outdated and inefficient capacity.
- (3) Urban and rural construction: The Bank implemented the concept of green development, followed up on opportunities such as the green upgrade of urban and rural infrastructure, the green transition of the consumer industry, the rural ecological environmental protection, as well as the reasonable and moderate development, and enhanced support for key areas and high-quality projects.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

- (4) Transportation: The Bank followed up on the trend of new energy and clean energy applications in the transportation area, and provided targeted support for the electrification and low-carbon transition of public transport service systems, including the deployment of new-energy buses and the upgrading of power batteries, as well as infrastructure construction projects such as charging and battery-swapping facilities, supporting power grids, refueling (gas) stations, etc.

4. *Green finance practice effectiveness*

The Bank maintained steady growth in green credit business and continued to advance in green bond issuance, investment and underwriting. As at the end of the Reporting Period, the balance of green loans for domestic banks was RMB1,037.889 billion, representing an increase of RMB91.518 billion or 9.67% over the beginning of the year. Among them, loans for resource recycling industry were RMB57.582 billion, representing an increase of RMB8.255 billion or 16.74% over the beginning of the year, loans for infrastructure green upgrading industry were RMB499.775 billion, representing an increase of RMB64.654 billion or 14.86% over the beginning of the year, and loans for ecological protection, restoration, and utilization industries were RMB60.983 billion, representing an increase of RMB7.405 billion or 13.82% over the beginning of the year. During the Reporting Period, as a member of the Green Bond Standards Committee, the Bank contributed to the development of green bond standards, and underwrote RMB3.639 billion of green bonds and transition bonds.

The Group's subsidiaries upheld green development philosophy, supporting the green and low-carbon transition of the economy through multiple channels such as green leasing, issuing ESG-themed products, issuing green insurance debt investment plans, investing in green bonds, and green asset securitization.

BOCOM Financial Leasing Co., Ltd. The company vigorously supported green shipping by delivering a 210,000-DWT dual-fuel large bulk carrier project and a 319,000-DWT ultra-large eco-friendly crude oil tanker project. The company promoted the green transformation of the aviation industry, with new-technology aircraft models accounting for more than 50% of its fleet as at the end of the Reporting Period. It completed its first "syndicated leasing" asset circulation and full-lifecycle leasing project certified by the Shanghai Financial Leasing Asset Circulation Center, partnering with industry peers to support a large wind power project in Gansu Province. In collaboration with TCL, the company implemented a targeted photovoltaic assistance project in Tianzhu County, Gansu Province, leveraging green finance to support rural revitalization. Furthermore, it successively launched the first residential solar PV operating lease transactions in both Shanghai and Beijing, optimizing its green finance layout across the Yangtze River Delta and Beijing-Tianjin-Hebei regions. In the Inner Mongolia Autonomous Region, the company executed China's largest energy storage power station project to date, significantly boosting the power grid's capacity to absorb renewable energy. The company continuously publishes social responsibility (ESG) reports and was among the first batch of institutions to submit sustainability reports to the People's Bank of China, comprehensively showcasing its outstanding achievements in economic, environmental and other responsibility areas, and was fully committed to advancing green finance.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Bank of Communications Schroder Fund Management Co., Ltd. The company actively practiced the concept of green finance investment, intensified the marketing of existing green finance-related products, and incorporated green bond-related investment strategies into the investment scope of new bonds and funds to be issued subsequently. It developed an environmental risk rating model for stocks, covering over 5,300 stocks listed on the Shanghai, Shenzhen, and Beijing stock exchanges. The company strengthened research on green bonds, established a holding monitoring mechanism, and continuously improved its green bond investment level. As at the end of the Reporting Period, the investment scale in green bonds through publicly offered products was approximately RMB3.618 billion.

The company actively embraced ESG principles and expanded its ESG product offerings, currently managing three ESG-themed funds. The BOCOM SSE 180 Corporate Governance ETF determines its index constituents by scoring corporate governance performance of the listed companies, selecting constituent stocks with strong governance and financial stability while excluding listed securities with a CSI ESG rating of C or lower, thereby fully reflecting corporate governance attributes and reinforcing sustainable ESG investment principles. The BOCOM CNI New Energy Index Fund (LOF) tracks the CNI New Energy Index, with constituent stocks concentrated in the new energy and new energy vehicle (NEV) sectors. The BOCOM CSI Environmental Governance Index Fund (LOF) tracks the CSI Environmental Governance Index, selecting listed companies engaged in wastewater treatment, solid waste management, air pollution control, and energy efficiency and resource recycling, making it an index fund closely aligned with “green and environmental protection” concepts.

BOCOM Wealth Management Co., Ltd. The company guided more social capital toward green and low-carbon sectors through the issuance of ESG green-themed products and investment in green bonds, providing financial support for corporate green transformation as well as green industries such as energy conservation and environmental protection and clean energy. As at the end of the Reporting Period, the balance of the company’s ESG green-themed products totaled RMB7.8 billion, while meeting customers’ asset allocation needs, effectively guiding investors to establish and practice green and low-carbon development concepts and contributing to the achievement of the “dual-carbon” goals. In terms of green bond investment, as at the end of the Reporting Period, the balance of the company’s green bond investments amounted to RMB19.1 billion, representing an increase of 26.5% compared with the end of the previous year.

BOCOM Financial Asset Investment Co., Ltd. During the Reporting Period, the Company increased its investment in areas such as clean energy, energy conservation and carbon reduction, environmental protection and green services, with green equity investment accounting for nearly half of the newly added debt-to-equity swap investments. In addition, in order to further promote green equity investment and implement ESG risk management in its investment business, the company incorporated environmental, social and governance risk management into its business processes to fully identify and monitor customers’ ESG risks, thereby promoting the green transformation of the economy and society.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

BOCOM MSIG Life Insurance Co., Ltd. The company supported green finance development through equity investments, debt investments, product issuance, and other channels. As at the end of the Reporting Period, the balance of green financial product investments of the company reached RMB5.331 billion, representing an increase of 23.73% compared with the end of the previous year; the financing balance of green insurance debt plans issued by its asset management subsidiary reached RMB6.676 billion, representing an increase of 16.88% compared with the end of the previous year.

BOCOM International Trust Co., Ltd. The company actively promoted the development of green trusts, deepened its presence in green finance, and increased support for the green, low-carbon, and circular economy. During the Reporting Period, the scale of newly added green bond investments exceeded RMB954 million.

(II) Effectiveness of the Innovative Development in Transition Finance

The Bank continued to enrich its transition finance “toolkits”. It rolled out transition finance service plans for industries such as shipping, steel and coal-fired power, and successively implemented transition finance innovative businesses in sub-sectors including steel, agriculture, building materials and coal-fired power, many of which were the first or among the first batch of such transactions in the local market. The Bank actively built a model for transition finance development in the waterborne transport industry, innovatively granting China’s first transition finance loan for a methanol dual-fuel vessel, Guangdong Province’s first batch of transition finance loans for inland passenger vessels and Ningbo’s first transition finance loan for waterborne transport industry, among others, providing a replicable and scalable financial service model to support the green and low-carbon transition of the waterborne transport industry.

The Bank serves as the Chinese lead institution of the China-UK Transition Finance Working Group, strengthening international cooperation and research in the field of transition finance. It has attracted 29 Chinese and UK financial institutions to join the working group, and made every effort to build an important exchange platform for China-UK transition finance. The working group has set up thematic sub-groups focusing on key issues, carrying out joint research and thematic meetings in four areas: standards consensus, incentive mechanisms, transition in key high-emission industries and capacity building for financial institutions, and has already developed more than 30 practice cases in these areas.

(III) Policies and Practices on Biodiversity Conservation

The Bank continued to pay close attention to biodiversity conservation and actively carry out pilot initiatives of biodiversity finance. During the Reporting Period, for industries with potentially significant impacts on biodiversity, the Bank explicitly incorporated biodiversity and ecological risk management requirements into its industry credit policies. For customers and projects that pose major environmental risks, endanger nationally protected key wildlife species and their habitats, or severely damage nature reserves, national key ecological function zones and national parks, credit access would not be granted.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank actively conducted research and business innovation in the field of biodiversity conservation. During the Reporting Period, under the guidance of the Shenzhen Branch of the People's Bank of China, Shenzhen Branch of the Bank officially released the *2025 Taskforce on Nature-related Financial Disclosures (TNFD) Report*, becoming the first financial institution in Shenzhen to complete nature-related risk assessment and disclosure with reference to the TNFD framework and the People's Bank of China's *Guidelines for Sustainable Information Disclosure of Financial Institutions (Trial)*. In terms of service innovation, Shenzhen Branch of the Bank actively supported a railway renovation project in Shenzhen. The project, through environmentally friendly route planning adapted to local conditions, enhanced sea-rail intermodal transport efficiency while safeguarding regional biodiversity, achieving a coordinated win-win between transport development and ecological protection. Shanghai Branch of the Bank launched a biodiversity loan in the under-forest economy sector, which was specifically used for the project involving the cultivation of under-forest flowers, seedlings, fruits and vegetables, accelerating the construction of under-forest industrial bases through financial innovation.

(IV) Full-process ESG Risk Management

The Bank paid attention to the impact of ESG risk factors on overall credit risk in green finance business activities. It has embedded ESG risk management throughout the entire credit business process, including credit investigation, approval, disbursement and post-loan monitoring, in order to more comprehensively identify, monitor and control customers' ESG risks and established clear ESG due diligence trigger mechanisms and risk escalation procedures, thereby facilitating a virtuous cycle and sustainable development of its business. ESG risk management has been deeply integrated into the credit business workflow:

1. Due diligence

At the customer and project admission stage, ESG risks are listed as a core due diligence element. Enterprises/projects with serious violations of laws and regulations or substandard ESG performance are not admitted, enabling front-end risk identification and preliminary assessment.

2. Review and approval

Customers' ESG performance is incorporated into the overall credit risk assessment system. Through multi-dimensional investigations, dedicated ESG review opinions are issued. Focus is placed on risks that customers and their significant related parties may pose to the environment and society during construction, production and operation activities due to governance deficiencies and inadequate management. For customers with higher potential risks, management measures such as escalating approval authority are adopted. Priority access to a fast-track approval channel is provided to quality green credit customers.

3. Fund disbursement

Relevant clauses to strengthen ESG risk management are stipulated in credit facility contracts, and the customer's ESG risk status is used as a key basis for determining credit fund disbursement, with ongoing risk assessment management requirements at the fund allocation stage.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

4. *Post-loan monitoring*

Customers' ESG performance is included in the routine post-loan monitoring system, with close attention paid to the impact of external environmental changes on customers and industries.

5. *Supervision and inspection*

The implementation of green credit-related systems and processes is included in the scope of routine internal control and compliance inspections, supervising all branches to solidly carry out ESG risk management throughout the credit granting process and effectively ensuring the implementation of green credit management systems.

(V) Green Operations and Procurement

The Bank thoroughly implemented the strategic plans for ecological civilization development, carbon peaking and carbon neutrality under the "15th Five-Year Plan", guiding operations and management of the Group with green, low-carbon and sustainable development concepts. It systematically advanced key tasks across various areas, including efficient energy utilization and green transformation, full-lifecycle green management of buildings, enhancement of the green level of office operations, waste recycling and resource recovery and the development of green data centers, continuously strengthening the Group's green development foundation and playing a leading role in the industry. The data center, targeting the dual-carbon goals of financial computing power, has introduced advanced energy-saving equipment such as magnetic levitation chillers and indirect evaporative cooling units. Relying on an intelligent control operation and maintenance system, it carried out refined full-process operation and maintenance and strictly controlled PUE indicators through digital and intelligent means, building a high-efficiency, high-security green financial computing hub. Building on previous years' efforts, the Head Office, taking into account the characteristics of each office building and production park, continued to explore potential for green operation in accordance with the *Specification for Facility and Equipment Green Operating Management Service (T/CPMI 011-2020)*, established a refined operation and maintenance system, conducted analysis and optimization based on dynamic equipment monitoring data, continuously improved the operational efficiency of all systems, expanded achievements in energy saving, carbon reduction, pollution reduction and efficiency enhancement, and constantly reinforced the concept of full-lifecycle green building operations. At the same time, third-party institutions are regularly engaged for environmental testing to ensure stable compliance with ISO14001 environmental management system requirements.

The Bank integrated green and environmentally friendly concepts into its procurement policies and procedures. Under the condition of equal procurement requirements, quality, and service standards, it gave priority to purchasing energy-saving and eco-friendly green products, actively conveying green and environmental protection principles. In equipment procurement, energy-saving and environmental protection certificates issued by third parties were taken as evaluation factors; in construction projects, construction environmental protection management system plans were included in evaluation factors. Meanwhile, the Bank fully promoted the electronic bidding and tendering system, enabling full-process digitalization across tendering, bidding, bid opening, evaluation, and award determination, thereby reducing the reproduction of paper documents. It also adopted measures such as continuously iterated and optimized the functions of the smart procurement platform system, implemented online contract signing and sealing, thereby steadily enhanced the quality and efficiency of green procurement.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(VI) Relevant Academic Research

The Bank attaches great importance to professional research and output in the ESG field. During the Reporting Period, the Bank focused on themes such as green equity investment and investment-loan linkage to support the development of green industries. It published dedicated research reports and actively facilitated academic exchange and sharing, enhancing the Bank's professional influence in the ESG domain.

III. SOCIAL RESPONSIBILITY

(I) Consumer Right Protection

During the Reporting Period, the Bank always adhered to the people-centered development philosophy, fully implemented the decisions and deployments of the Board, the Social Responsibility (ESG) and Consumer Protection Committee, and senior management, deeply advanced "comprehensive consumer protection" work framework, and fully integrated consumer protection work into corporate governance, corporate culture and business development strategies. The Bank constantly improved the systematic mechanisms of consumer right protection and strived to improve the quality and efficiency of financial services, thereby effectively protecting the legitimate rights and interests of financial consumers.

1. Fully optimizing the consumer protection systematic mechanism and consolidating the foundation of management.

The Bank systematically planned annual objectives, phased plans and tasks for consumer protection work, coordinated the allocation of supporting resources, and conducted consumer protection work in an effective manner. During the Reporting Period, keeping abreast of the latest developments in regulatory policies, the Bank issued normative documents including the Measures for the Administration of Consumer Protection of cooperative institutions, the Detailed Rules for the Assessment and Administration of Consumer Protection, the Circular on Strengthening Collection Management, the Circular on Strengthening Traceability and Rectification, and the Work Plan on Consumer Financial Education. It also improved working mechanisms and strengthened the full-chain consumer protection operational system.

2. Establishing a robust consumer protection review mechanism and conducting early-stage risk prevention and control.

During the Reporting Period, the Bank further clarified the scope of consumer protection review, strengthened source management before products and services are offered to customers, and refined the consumer protection review mechanism. For various products and services of the Bank, consumer protection review covers the entire process including design and development, functional requirements, marketing and promotion, contract conclusion, after-sales services and internal control. The Bank conducted rigorous reviews on elements involving consumer rights such as policies and systems, operational rules, pricing and charges, agreement clauses and promotional scripts, identified and alerted potential risks in a timely manner, and put forward specific and actionable review opinions. During the Reporting Period, the Bank conducted 20,600 consumer protection reviews, effectively identifying risks at an early stage and achieving early detection and early intervention.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

3. *Innovating financial education approaches to enhance consumers' financial literacy.*

Under the theme of “Clean Financial Cyberspace, Safeguarding Assured Consumption”, the Bank coordinated the implementation of themed activities including the “15 March” Financial Consumer Rights and Interests Protection Education and Publicity Campaign, the “15 May” Investor Protection Awareness Day, and the “Financial Knowledge Outreach Tour”. Leveraging the brand of financial education ambassador “Jiaojiao (姣姣)”, the Bank innovated content carriers and presentation forms. The Bank focused on consumer groups including new employment groups such as truck drivers, online car-hailing drivers, couriers and food delivery riders, the elderly, teenagers and persons with disabilities to achieve precise outreach of financial education content. The Bank expanded the reach of financial education publicity, boosted the innovativeness and effectiveness of financial education initiatives, and raised consumers' financial literacy and risk prevention awareness. These initiatives cumulatively reached 0.839 billion consumer engagements during the Reporting Period.

4. *Strengthening the management of complaints at source, and resolving disputes through diversified approaches.*

Adhering to a problem-oriented approach, the Bank carried out thematic analysis focusing on areas with concentrated complaints and continuously enhanced complaint governance in key areas. The Bank deepened root-cause rectification to strive for source control and fundamental resolution of disputes. Drawing on the “Fengqiao Experience” in the new era, the Bank made full use of diversified mechanisms to resolve conflicts and disputes. At present, the Bank has established cooperation with 223 mediation organizations, covering all 38 provincial-level branches directly under the Head Office. A total of 126 mediation service zones had been established across the Bank, with 269 full-time and part-time mediators assisting the mediation organizations. During the Reporting Period, a total of 14,400 cases were mediated, with all resulting settlement arrangements effectively implemented.

During the Reporting Period, the Bank received a total of 139,100 financial consumer complaints (excluding duplicate complaints), and achieved a 100% resolution rate. Complaints primarily involved credit card business (75,600 cases, accounting for 54.35%), personal loan business (30,600 cases, accounting for 22.00%), debit card business (20,500 cases, accounting for 14.74%), and other businesses (12,400 cases, accounting for 8.91%). Complaints were mainly distributed across regions including Guangdong Province (3.83%), Jiangsu Province (2.74%), Beijing (2.50%), Shanghai (2.39%), Henan Province (2.30%), Shenzhen City (2.29%), Hubei Province (1.98%), Shandong Province (1.76%), Hunan Province (1.64%), and Anhui Province (1.62%)².

² The regional distribution only covers complaints handled by branches, as some complaints are centrally managed by the Head Office.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank has established a regular internal audit and supervision mechanism for consumer protection. The internal audit department independently formulated the special audit plan for consumer rights protection work for 2026. The audit scope covers complaints handling and complaints root-cause rectification, with a focus placed on consumers' personal information (in particular the minors' information) protection, product suitability and compliant sales, regime and system development, performance of consumer protection management duties, and other relevant work. High priority was also given to the audit and supervision of matters attracting regulatory and media attention. Relevant audit work is currently progressing in an orderly manner as scheduled. The internal audit department adopts closed-loop management by establishing rectification ledgers for issues identified in audits, proactively pushes forward rectification efforts and conducts ongoing follow-up, so as to continuously elevate the standard of consumer protection management.

(II) Services for Inclusive Small and Micro Enterprises

Please refer to the section of "Business Review".

IV. RURAL REVITALIZATION

(I) Financial Support for Rural Revitalization

The Bank continuously strengthened rural revitalization financial services, enhanced policy support, and actively improved credit accessibility for the "agriculture, rural areas and farmers" sector. Financial support was increased for key areas. The Bank boosted financial backing for the effective supply of key agricultural products such as grain, oil crops and "vegetable basket" products, as well as distinctive agricultural industries, thereby safeguarding national food security. The Bank supported the development of agricultural and rural infrastructure, and served the integrated development of primary, secondary, and tertiary industries in rural areas. The Bank supported coordinated breakthroughs in agricultural science and technology by providing proactive credit granting models for agricultural technology enterprises, thereby accelerating the development of new quality productive forces in agriculture. The Bank enhanced financial support for advantageous and distinctive industries in underdeveloped regions including key assisted counties. The Bank also enhanced financial services for key customer groups and expanded the scope and depth of services offered to customer groups such as leading agricultural industrialization enterprises and national key seed industry enterprises.

The Bank enriched the supply of agriculture-related financial products. The Bank iteratively optimized the "Yinong e-Loan" product system, promoted the "Yinong Quick Loan" online credit product, and advanced business development in key scenes such as crop planting, livestock breeding, agricultural trade, and rural tourism, thereby meeting the financing needs of agricultural business entities. The Bank also actively promoted rural revitalization-themed cards. As at the end of the Reporting Period, the cumulative issuance of rural revitalization-themed cards reached 6.3001 million, representing a net increase of 623,900 compared with the end of the previous year.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank enhanced financial service capabilities at the county level. Through multiple channels, including BOCOM Mini Program and Mobile Banking, the Bank established the “BOCOM Yinongtong” rural revitalization service zone to provide comprehensive financial services to “agriculture, rural areas and farmers” customer groups. The Bank intensified the development of county-level outlets, promoted intelligent farmer-benefiting machines and “BOCOM On-cloud” remote video service facilities, and enhanced the integrated service capability of online and offline financial channels in county areas.

(II) Targeted Assistance

The Bank earnestly fulfilled its political responsibility for targeted assistance, and stepped up the targeted assistance efforts for Tianzhu County in Gansu Province, Litang County in Sichuan Province, and Hunyuan County in Shanxi Province. The Bank strengthened the selection, rotation, and care of targeted assistance cadres.

Leveraging the strengths of the financial sector, the Bank actively mobilized broad social participation, resolutely safeguarded the bottom line against a return to poverty, and continued to advance the five areas of revitalization, thereby forming a strong synergy to consolidate and expand the achievements of poverty alleviation and promote comprehensive rural revitalization. The Bank enhanced development-oriented assistance and adhered to the principle of “one county, one leading industry; one village, one featured product”, developing characteristic county-level industries tailored to local conditions. Targeted support was provided to distinctive industries such as edible fungi in Tianzhu County, astragalus in Hunyuan County, and plateau apiculture in Litang County. The Bank innovated scenarios for consumption-based assistance by launching online promotional campaigns on the credit card “Go Pay” platform, facilitating the listing of special agricultural products from assisted regions on JD.com self-operated channels, and organizing offline employee experience and exhibition events for agricultural products. The Bank strengthened talent cultivation by conducting three training sessions for grassroots cadres in counties for targeted assistance, three training courses for rural revitalization leaders and one special online training programme on rural revitalization. A charity trust project has been established to support the development of elderly care services in Tianzhu. The Bank rolled out the “Spark Plan” Rural Leadership Talent Training Programme covering 160 national key counties receiving rural revitalization support, building BOCOM’s brand for agriculture assistance training.

SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION MATTERS

During the Reporting Period, the Group was not involved in any litigation and arbitration matters that had a material impact³ on operations.

II. PENALTIES

During the Reporting Period, neither the Bank, nor any of its directors or senior management was subject to any investigation by competent authorities, any enforcement measure by judicial authorities, any referral to judicial authorities for criminal liabilities, any investigation or administrative penalty by the CSRC, any prohibition from access to market or disqualification, any material administrative penalty imposed by environmental protection, safety supervision, taxation or any other administrative departments, or any situation of being suspected of serious violations of discipline and law or job-related crimes, detained by the discipline inspection and supervision organ and unable to perform duties, and being subject to administrative supervision measure by the CSRC or disciplinary sanctions by the stock exchange.

III. INTEGRITY

During the Reporting Period, the Group did not refuse to comply with any effective court judgements, nor did it have any significant litigation-related debts that had become due and remained unsettled.

IV. RELATED-PARTY TRANSACTIONS

(I) Major Related-Party Transactions with Related Parties

During the Reporting Period, the Bank entered into contracts with BOCOM Financial Leasing Co., Ltd., BOCOM Leasing Management Hong Kong Co., Ltd., BOCOM Leasing Development Hong Kong Co., Ltd. and Rong Kong United Finance Co., Ltd. in respect of certain significant related-party transactions. The 6th meeting of the 11th Board of Directors of the Bank reviewed and approved the above transactions. Before submission to the Board of Directors, the independent non-executive directors held special review meetings and issued written opinions. The independent non-executive directors were of the view that the above transactions complied with the requirements of the regulatory authorities on fairness and compliance of related-party transactions. The above transactions have undergone the business review and approval procedures.

In accordance with the *Administrative Measures on the Connected Transactions of Banking and Insurance Institutions* (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1), the Bank disclosed each transaction on the Bank's website and reported them to the regulator within 15 working days after the signing of the contract.

³ For the purposes of determining whether a matter "had a material impact", reference is made to Article 19 of the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 26 – Special Provisions on Information Disclosure by Commercial Banks (Revised in 2025)*, which provides that "any litigation that commercial banks involved in, each of which the amount exceeded 1% of the equity attributable to shareholders of the Bank from the audited consolidated financial statements of the previous year, shall be announced in a timely manner".

SIGNIFICANT EVENTS

(II) Related-Party Transactions with Related Natural Persons under the Standards of the CSRC and the SSE

According to the CSRC's *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 26 – Special Provisions on Information Disclosure by Commercial Banks (Revised in 2025)*, as at the end of the Reporting Period, the loan balance between the Bank and related natural persons amounted to RMB61,800, and the overdraft limit of credit cards (including the credit undrawn) for related natural persons amounted to RMB10,676,800.

V. MATERIAL CONTRACTS AND PERFORMANCE OF OBLIGATIONS THEREUNDER

(I) Material Trust, Sub-contract and Lease

During the Reporting Period, the Bank did not hold in trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations, and no other corporation held in trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Group's assets.

(II) Material Guarantees

The provision of guarantees was one of the off-balance sheet businesses carried out by the Bank in its ordinary and usual course of business. During the Reporting Period, the Bank did not provide any material guarantees that need to be disclosed except for the financial guarantee services within the business scope as approved by the regulatory authority.

VI. AUDIT COMMITTEE

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

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

SIGNIFICANT EVENTS

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

VII. SECURITIES TRANSACTIONS BY DIRECTORS AND SENIOR MANAGEMENT

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

VIII. APPOINTMENT OF AUDITORS

With the approval at the 2025 Annual General Meeting, the Bank has appointed KPMG Huazhen LLP to perform the audit of the financial statements prepared by the Bank in accordance with China Accounting Standards and to provide other related professional services and appointed KPMG to perform the audit of the financial statements prepared by the Bank in accordance with IFRSs and to provide other related professional services. The term of appointment commenced upon the approval on the date of the Bank's 2025 Annual General Meeting and will end upon the conclusion of the Bank's 2026 Annual General Meeting.

SIGNIFICANT EVENTS

IX. PERFORMANCE OF UNDERTAKINGS

Undertakings made or carried forward during the Reporting Period by shareholders of the Bank and other related parties:

Background of undertaking	Type of undertaking	Undertaking entity	Details of undertaking	Time of undertaking	Period of undertaking	Any period for performance	Whether timely and strictly performed
Undertakings in connection with the issuance of shares to specific targets	Shares lock-up	Ministry of Finance	Undertaking on shareholding lock-up period of shareholders	June 2025	The A shares subscribed for in the 2025 issuance of the Bank shall be subject to a lock-up period of 5 years from the date of equity acquisition	Yes	Yes
			Undertaking on shareholding lock-up period of shareholders	June 2025	All shares originally held in the Bank shall be subject to a lock-up period of 18 months from the date of equity acquisition upon the 2025 A share issuance of the Bank	Yes	Yes
	Shares lock-up	CNTC	Undertaking on shareholding lock-up period of shareholders	June 2025	The A shares subscribed for in the 2025 issuance of the Bank shall be subject to a lock-up period of 5 years from the date of equity acquisition	Yes	Yes
	Shares lock-up	CDIC	Undertaking on shareholding lock-up period of shareholders	June 2025	The A shares subscribed for in the 2025 issuance of the Bank shall be subject to a lock-up period of 5 years from the date of equity acquisition	Yes	Yes
	Others	Directors and senior management of the Bank	Undertakings in relation to the remedial measures for dilution of immediate returns	June 2025	Long-term	Yes	Yes

During the Reporting Period, the Bank did not have any undertaking that had been duly fulfilled and completed. As at the end of the Reporting Period, the Bank did not have any expired undertaking that had not been duly performed.

LIST OF INSTITUTIONS

LIST OF DOMESTIC PROVINCIAL BRANCHES AND DIRECTLY AFFILIATED BRANCHES

Region	Name	Address
Yangtze River Delta	Shanghai Branch	No. 200 Jiangxi Middle Road, Huangpu District, Shanghai
	Jiangsu Provincial Branch	No. 218 Lushan Road, Jianye District, Nanjing City, Jiangsu Province
	Suzhou Branch	No. 28 Suhui Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province
	Wuxi Branch	No. 8 Second Jinrong Street, Binhu District, Wuxi City, Jiangsu Province
	Zhejiang Provincial Branch	No. 1-39 Juyuan Road, Sijiqing Subdistrict, Shangcheng District, Hangzhou City, Zhejiang Province
	Ningbo Branch	No. 455 Haiyan North Road, Yinzhou District, Ningbo City, Zhejiang Province
	Anhui Provincial Branch	Intersection of Huizhou Avenue and Jialingjiang Road, Baohe District, Hefei City, Anhui Province
Pearl River Delta	Fujian Provincial Branch	Exchange and Integration Building, No. 23 Aotou Road, Aofeng Subdistrict, Taijiang District, Fuzhou City, Fujian Province
	Xiamen Branch	No. 9-1 Hubin Middle Road, Siming District, Xiamen City, Fujian Province
	Guangdong Provincial Branch	No. 11 Xiancun Road, Tianhe District, Guangzhou City, Guangdong Province
	Shenzhen Branch	No. 3018 Shennan Middle Road, Futian District, Shenzhen City, Guangdong Province
Bohai Rim Economic Zone	Beijing Branch	No. 22 Jinrong Street, Xicheng District, Beijing
	Tianjin Branch	No. 7 Youyi Road, Hexi District, Tianjin City
	Hebei Provincial Branch	No. 26 Ziqiang Road, Qiaoxi District, Shijiazhuang City, Hebei Province
	Shandong Provincial Branch	No. 98 Gongqingtuan Road, Shizhong District, Jinan City, Shandong Province
	Qingdao Branch	Building 4, No. 156 Shenzhen Road, Laoshan District, Qingdao, Shandong Province
Central China	Shanxi Provincial Branch	No. 5 Qingnian Road, Yingze District, Taiyuan City, Shanxi Province
	Jiangxi Provincial Branch	No. 199 Huizhan Road, Honggutan New District, Nanchang City, Jiangxi Province
	Henan Provincial Branch	No. 11 Zhenghua Road, Jinshui District, Zhengzhou City, Henan Province
	Hubei Provincial Branch	No. 847 Jianshe Avenue, Jiangnan District, Wuhan City, Hubei Province
	Hunan Provincial Branch	No. 447 Wuyi Avenue, Furong District, Changsha City, Hunan Province

LIST OF INSTITUTIONS

Region	Name	Address
	Guangxi Branch	Office Building No. 1, Nanning Urban Construction Group Headquarters Lot Project, No.15 Yunying Road, Liangqing District, Nanning City, Guangxi Zhuang Autonomous Region
	Hainan Provincial Branch	No. 45 Guomao Avenue, Longhua District, Haikou City, Hainan Province
Western China	Inner Mongolia Branch	No. 18 Xinhua East Street, Saihan District, Hohhot, Inner Mongolia Autonomous Region
	Chongqing Branch	No. 3 Jiangbei City West Street, Jiangbei District, Chongqing City
	Sichuan Provincial Branch	No. 211 West Yulong Street, Qingyang District, Chengdu City, Sichuan Province
	Guizhou Provincial Branch	East Third Tower, Financial City, Guanshanhu District, Guiyang City, Guizhou Province
	Yunnan Provincial Branch	No. 397 Baita Road, Panlong District, Kunming City, Yunnan Province
	Tibet Branch	101 and 102, 1st floor, Building 3, Jinxiyuan, Dunzhu Financial City, south of National Road 318 and west of Financial Road, Lhasa City, Tibet Autonomous Region
	Shaanxi Provincial Branch	No. 88 Xixin Street, Xincheng District, Xi'an City, Shaanxi Province
	Gansu Provincial Branch	No. 129 Qingyang Road, Chengguan District, Lanzhou City, Gansu Province
	Ningxia Hui Branch	No. 64 Ning'an Street, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region
	Xinjiang Region Branch	No. 16 Dongfeng Road, Tianshan District, Urumqi, Xinjiang Uygur Autonomous Region
	Qinghai Provincial Branch	No. 67 Wusi West Road, Chengxi District, Xining City, Qinghai Province
North Eastern China	Liaoning Provincial Branch	No. 258-1 Shifu Road, Shenhe District, Shenyang City, Liaoning Province
	Dalian Branch	No. 6 Zhongshan Square, Zhongshan District, Dalian City, Liaoning Province
	Jilin Provincial Branch	No. 3535 Renmin Street, Chaoyang District, Changchun City, Jilin Province
	Heilongjiang Provincial Branch	No. 428 Youyi Road, Daoli District, Harbin City, Heilongjiang Province

Note: For the address and contact information of the business outlets of the Bank, please visit the Bank's official website (www.bankcomm.com) and click on "Branch Inquiry" for relevant information.

LIST OF INSTITUTIONS

LIST OF OVERSEAS BANKING INSTITUTIONS

Institution	Address
Hong Kong Branch/Bank of Communications (Hong Kong) Limited	Unit B B/F & G/F, Unit C G/F, 1 – 3/F, 16/F Room 01 & 18/F, Wheelock House, 20 Pedder Street, Central, Hong Kong, the PRC
New York Branch	ONE EXCHANGE PLAZA 55 BROADWAY, 31ST & 32ND FLOOR, NEW YORK NY 10006-3008, U.S.A.
San Francisco Branch	575 MARKET STREET, 38th FLOOR, SAN FRANCISCO, CA 94105, U.S.A.
Tokyo Branch	SANYO Group Building, 1-3-5 Nihombashi, Chuo-ku, Tokyo, Japan
Singapore Branch	128 Beach Road #25-01 Guoco Midtown, Singapore 189733
Seoul Branch	6th DouZone Tower #29, Eulji-ro, Jung-Gu, Seoul, 04523, Korea
Frankfurt Branch	Neue Mainzer Strasse 52-58, 60311 Frankfurt am Main, Germany
Macau Branch	16th Floor, AIA Tower, No. 251A-301, Avenida Commercial De Macau, the PRC
Ho Chi Minh City Branch	17th floor, Vincom Center, 72 Le Thanh Ton, Dist.1, HCMC, VN
Sydney Branch	Level 23, 60 Martin Place, Sydney NSW2000, Australia
Brisbane Branch	Level 35, 71 Eagle Street, Brisbane QLD4000, Australia
Melbourne Branch	Level 34 Rialto South Tower, 525 Collins Street, Melbourne VIC, 3000, Australia
Taipei Branch	A Wing, 29th Floor, No. 7, Section 5, Xinyi Road, Taipei (101 Tower), Taiwan, the PRC
London Branch	4th Floor, 1 Bartholomew Lane, London EC2N 2AX UK
Luxembourg Branch/Bank of Communications (Luxembourg) Co., Ltd.	7 Rue de la Chapelle, L-1325 Luxembourg, Luxembourg
Bank of Communications (Luxembourg) S.A. Paris Branch	3 Square de l'Opéra Louis Jouvet – 5 rue Boudreau, 75009 Paris, France
Bank of Communications (Luxembourg) S.A. Rome Branch	3rd floor, Piazza Barberini 52, Rome. 00187, Italy
Bank of Communications (Brazil) Co., Ltd.	Av Barão de Tefé, 34 -20th and 21st floor, Rio de Janeiro, Brazil, 20220-460
Prague Branch	7th floor, RUSTONKA R2, Rohanske nabrezi 693/10, Prague 8, 18600, Czech Republic
Johannesburg Branch	140 West St, Sandown, Sandton, 2196, Johannesburg, South Africa
DIFC Branch	Unit 02, Level 30, Currency Tower 2, DIFC, P.O. Box 507386, Dubai, UAE
Toronto Representative Office	Suite 2460, 22 Adelaide Street West, Toronto, ON M5H 4E3, Canada

LIST OF INSTITUTIONS

LIST OF MAJOR SUBSIDIARIES

Institution	Address
Bank of Communications Schroder Fund Management Co., Ltd.	21-23/F, Phase II, International Finance Centre, No. 8 Century Avenue, Pudong New Area, Shanghai
BOCOM International Trust Co., Ltd.	No. 847 Jianshe Avenue, Jiangnan District, Wuhan City, Hubei Province
BOCOM Financial Leasing Co., Ltd.	27-29/F, No. 333 Lujiazui Ring Road, Pudong New Area, Shanghai
BOCOM MSIG Life Insurance Company Limited	22-23/F, No. 333 Lujiazui Ring Road, Pudong New Area, Shanghai
BOCOM International Holdings Company Limited	No. 68 Des Voeux Road Central, Central, Hong Kong, the PRC
China BOCOM Insurance Co., Ltd.	No. 8 Cotton Tree Drive, Central, Hong Kong, the PRC
BOCOM Financial Asset Investment Co., Ltd.	16/F, No. 333 Lujiazui Ring Road, Pudong New Area, Shanghai
BOCOM Wealth Management Co., Ltd.	5/F, 8-9/F, No. 333 Lujiazui Ring Road, Pudong New Area, Shanghai

APPENDIX – REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION AND THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of Bank of Communications Co., Ltd.

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

INTRODUCTION

We have reviewed the accompanying interim financial information, which comprises the interim condensed consolidated statement of financial position of Bank of Communications Co., Ltd. as at 30 June 2026, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim 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 International Accounting Standard 34, Interim Financial Reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34.

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

Certified Public Accountants

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

28 August 2026

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

For the six months ended 30 June 2026

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

	Note	Six months ended 30 June	
		2026	2025
Interest income		205,322	213,961
Interest expense		(112,730)	(128,714)
Net interest income	4	92,592	85,247
Fee and commission income	5	22,934	22,429
Fee and commission expense	6	(2,461)	(1,971)
Net fee and commission income		20,473	20,458
Net gains/(losses) arising from trading activities	7	11,019	10,669
Net gains/(losses) arising from financial investments		3,316	2,275
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>		1,518	560
Net gains/(losses) on investments in associates and joint ventures		386	242
Other operating income	8	14,754	14,607
Net operating income		142,540	133,498
Credit impairment losses	9	(34,541)	(32,814)
Other assets impairment losses	10	(851)	(531)
Other operating expenses	11	(53,511)	(53,243)
Profit before tax		53,637	46,910
Income tax	13	(5,031)	(455)
Net profit for the period		48,606	46,455

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2026

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

	Note	Six months ended 30 June	
		2026	2025
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		1,581	581
Amount reclassified to profit or loss		(1,624)	(1,317)
Expected credit losses of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		(45)	621
Amount reclassified to profit or loss		-	-
Effective portion of gains or losses on hedging instruments in cash flow hedges			
Amount recognised in equity		846	(1,083)
Amount reclassified to profit or loss		(684)	1,275
Translation differences for foreign operations		(5,209)	(97)
Others		(674)	(1,082)
Subtotal		(5,809)	(1,102)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial revaluation on pension benefits		(11)	(5)
Changes in fair value of equity instruments designated at fair value through other comprehensive income		(556)	1,180
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss		(204)	331
Others		31	(223)
Subtotal		(740)	1,283
Other comprehensive income, net of tax	39	(6,549)	181
Total comprehensive income for the period		42,057	46,636
Net profit attributable to:			
Shareholders of the parent company		47,874	46,016
Non-controlling interests		732	439
		48,606	46,455
Total comprehensive income attributable to:			
Shareholders of the parent company		41,668	46,072
Non-controlling interests		389	564
		42,057	46,636
Basic and diluted earnings per share for profit attributable to holders of ordinary shares of the parent company (in RMB yuan)	14	0.52	0.59

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

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

	Note	As at 30 June 2026	As at 31 December 2025
ASSETS			
Cash and balances with central banks	15	756,642	701,847
Due from and placements with banks and other financial institutions	16	944,861	881,284
Derivative financial assets	17	54,870	43,736
Loans and advances to customers	18	9,257,705	8,898,768
Financial investments at fair value through profit or loss	19	706,638	600,609
Financial investments at amortised cost	19	2,781,574	2,701,622
Financial investments at fair value through other comprehensive income	19	1,235,257	1,225,683
Investments in associates and joint ventures	21	19,663	16,897
Property and equipment	22	250,110	246,926
Deferred tax assets	23	43,386	42,198
Other assets	24	209,469	188,818
Total assets		16,260,175	15,548,388
LIABILITIES AND EQUITY			
LIABILITIES			
Due to and placements from banks and other financial institutions	25	2,540,122	2,477,757
Financial liabilities at fair value through profit or loss	26	47,930	47,714
Derivative financial liabilities	17	42,079	36,998
Deposits from customers	27	9,915,436	9,307,815
Certificates of deposits issued	28	1,355,533	1,403,271
Income tax payable		6,084	5,142
Debt securities issued	29	713,459	692,085
Deferred tax liabilities	23	4,047	3,657
Other liabilities	30	331,553	293,667
Total liabilities		14,956,243	14,268,106
EQUITY			
Share capital	31	88,364	88,364
Other equity instruments	32	124,952	126,450
<i>Including: Preference shares</i>		<i>44,952</i>	<i>44,952</i>
<i>Perpetual bonds</i>		<i>80,000</i>	<i>81,498</i>
Capital surplus	31	215,717	215,762
Other reserves	33	466,710	453,084
Retained earnings	33	397,049	385,572
Equity attributable to shareholders of the parent company		1,292,792	1,269,232
Equity attributable to non-controlling interests of ordinary shares		8,440	8,350
Equity attributable to non-controlling interests of other equity instruments		2,700	2,700
Non-controlling interests	35	11,140	11,050
Total equity		1,303,932	1,280,282
Total equity and liabilities		16,260,175	15,548,388

The condensed consolidated financial statements were approved and authorised for issuance by the Board of Directors on 28 August 2026 and signed on its behalf by:

Ren Deqi
Chairman and Executive Director

Zhang Baojiang
Vice Chairman, Executive Director and President

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

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

	Equity attributable to shareholders of the parent company														Non-controlling interests			
	Other reserves																	
	Other equity instruments																	
	Share capital Note 31	Preference share Note 22	Perpetual bonds Note 22	Capital surplus Note 31	Statutory reserve Note 33	Discretionary surplus Note 33	Statutory general reserve Note 33	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes in reserve	Others	Retained earnings Notes 33,34	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total
As at 1 January 2026	88,364	44,952	-	215,762	114,654	140,891	187,601	11,758	250	(120)	2,191	(102)	(4,039)	385,572	1,269,232	8,350	2,700	1,280,282
Total comprehensive income	-	-	-	-	-	-	-	(528)	(204)	161	(5,224)	(11)	(400)	47,874	41,668	330	59	42,057
Capital contribution and reduction by other equity instruments holders	-	-	(1,498)	(3)	-	-	-	-	-	-	-	-	-	-	(1,501)	-	-	(1,501)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,880)	(14,880)	(102)	-	(14,982)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(59)	(59)
Transferred to reserves	-	-	-	-	8,222	-	11,622	-	-	-	-	-	-	(19,844)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(3)	-	-	-	-	(9)	12	-	(42)	-	-
Others	-	-	-	(42)	-	-	-	-	-	-	-	-	-	-	-	(138)	-	(180)
As at 30 June 2026	88,364	44,952	80,000	215,717	122,876	140,891	199,223	11,227	46	41	(3,033)	(113)	(4,448)	397,049	1,292,792	8,440	2,700	1,303,892

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 June 2025

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

	Equity attributable to shareholders of the parent company													Non-controlling interests				
	Other reserves																	
	Share capital Note 31	Preference share Note 32	Perpetual bonds Note 32	Capital surplus Note 31	Statutory reserve Note 33	Discretionary surplus reserve Note 33	Statutory general reserve Note 33	Revaluation reserve and impairment for financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings Notes 33,34	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments Note 32	Total
As at 1 January 2025	74,263	44,562	129,844	111,420	106,014	140,545	173,176	17,289	33	(25)	4,165	(104)	(5,531)	343,265	1,144,306	7,706	3,585	1,155,597
Total comprehensive income	-	-	-	-	-	-	-	455	331	192	(112)	(5)	(805)	46,016	46,072	497	67	46,636
Capital contribution by ordinary shareholders	14,101	-	-	105,839	-	-	-	-	-	-	-	-	-	-	119,940	-	-	119,940
Capital contribution and reduction by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(885)	(901)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,630)	(14,630)	(122)	-	(14,752)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,685)	(1,685)	-	-	(1,685)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67)	(67)
Transferred to reserves	-	-	-	-	8,009	-	14,017	-	-	-	-	-	-	(22,026)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(44)	-	-	-	-	-	44	-	-	-	-
Others	-	-	-	2	-	-	-	-	-	-	-	-	-	-	2	-	-	2
As at 30 June 2025	88,364	44,562	129,844	217,261	114,023	140,545	187,193	17,700	364	167	4,063	(109)	(6,336)	355,988	1,233,989	8,081	2,700	1,304,770

The accompanying notes form a part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

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

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 30 June 2026

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

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

The accompanying notes form a part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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

1 GENERAL

Bank of Communications Co., Ltd. (the “Bank”) is a national state-owned joint-stock commercial bank, headquartered and registered in Shanghai, which was reorganized on 1 April 1987 upon the approval of Notice Guo Fa (1986) No. 81 issued by the State Council of the PRC and Notice Yin Fa (1987) No. 40 issued by the People’s Bank of China (the “PBOC”).

The Bank possesses the Finance Permit No. B0005H131000001 issued by the China Banking and Insurance Regulatory Commission of the PRC with the registration number of 9131000010000595XD.

The principal activities of the Bank and its subsidiaries (the “Group”) include corporate and personal banking services, interbank and financial market business, financial leasing, fund management, wealth management, trustees, insurance, overseas securities, debt-to-equity swap and other related financial services.

2 SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of preparation

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

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

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

(2) Changes in accounting policies

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

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

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

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

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

For the six months ended 30 June 2026

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(2) Changes in accounting policies** *(Continued)****(b) Standards and amendments relevant to the Group that are not yet effective in the current reporting period and have not been adopted before their effective dates by the Group***

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

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

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

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

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

(iii) Amendments to IAS 28: Fair value option

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

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

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

For the six months ended 30 June 2026

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(2) Changes in accounting policies *(Continued)*

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

(iv) IFRS 20: Regulatory assets and regulatory liabilities

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

Overview

The Group's operating activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of a certain degree of risks or a portfolio of risks. The Group's aim is to achieve an appropriate balance between risks and returns and minimise potential adverse effects on the Group's financial performance. The main types of financial risks are credit risk, liquidity risk, market risk, operational risk, etc..

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, monitor the risks and to control the risk limits through reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets and products and the latest best practice.

Risk management framework

The Board of Directors sets out risk management strategies, comprehensive risk preference and risk tolerance level. The senior management establishes risk management policies and procedures according to the strategies set by the Board of Directors. The Risk Management Department at Head Office serves as the chief department for the Group's risk management and leads the comprehensive risk management duties, of which the crucial ones would be further designated to specific leading departments. The risk management division in each operation department at Head Office, in each domestic and overseas branch and in each subsidiary undertakes specific risk management function. Internal Audit Department is responsible for independent review of risk management and control environment.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk**

Credit risk is the risk of loss that a borrower or counterparty fails to or is unwilling to meet its obligations. Credit risk arises principally from loans and advances to customers, financial investments, derivative instruments and due from and placements with banks and other financial institutions. There is also credit risk in off-balance sheet items such as loan commitments, financial guarantees, acceptances and letters of credit. Credit risk is a major risk to which the Group is exposed. Therefore, the Group manages and controls the overall credit risk, integrated into the comprehensive risk management, in a prudent manner, and reports regularly to the Senior Management and the Board of Directors of the Group.

(a) Credit risk management

The Group's credit risk management is assumed by major functions such as Corporate and Institutional Banking Department, Inclusive Finance Department/Rural Revitalization Finance Department, Retail Credit Department, Pacific Credit Card Center, International Banking Department/Offshore Banking Center, Credit Management Department, Credit Approval Department, Risk Management Department, Non-Performing Asset Management Department, Financial institution Department (Commercial Paper Center)/Asset Management Center and Global Markets Department (Precious Metals Centre). They are responsible for the standardised management of corporate and retail credit businesses in terms of guidance on credit investment, credit investigation and report, credit approval, loan granting, post-loan management and non-performing loan management.

(i) Loans and advances to customers

As for corporate loans, the Group's relationship managers are responsible for receiving application files submitted by the applicants, conducting pre-loan investigation, assessing the credit risk, and raising the proposed rating. The Group adopts the hierarchical approval system at the branch and Head Office level based on the credit approval authority. Credit line is determined by taking into account the credit record, financial position, collaterals and guarantees of the applicant, overall credit risk of the credit portfolio, macroeconomic regulation and control policies and relevant laws and regulations. The Group keeps a close eye on the economic and financial trend and credit risk profile in the industry, provides more guidance on credit investment, formulate guidance for different industries, strengthens daily risk pre-warning, monitoring and specific risk investigation, identify customers under major risks and potential risk points early, enhances the refinement of post-loan management and centers on customer credit risk management to carry out post-loan management. The independent loan granting centre shall review the compliance, completeness and effectiveness of relevant credit files when loan granting. The Group adopts a series of tools and approaches, such as risk filtering, risk investigation and risk warning, in daily risk monitoring of corporate loans. The Group manages non-performing loans mainly through (1) collection; (2) restructuring; (3) disposal of collaterals or recourse to the guarantors; (4) litigation or arbitration; (5) disposal.

For retail credit assets, the Group manages the comprehensive risk profile of retail credit business through on-site review and adoption of reporting system on material matters, strengthens daily risk monitoring and pre-warning through optimising management system, standardises operation process of retail credit business through formulating business management system and combining relevant system function control, identifies and reveals material potential risks on a timely manner through strengthening risk monitoring and early-warning, and understands and forecasts the quality trends so as to adopt targeted risk control measures in advance by using stress testing and quality migration analysis. In addition, the Group continues to carry out fast response mechanism to address emergencies properly and maintains a list to manage those key risk projects through risk monitoring, guidance, collection and mitigation.

The Group adopts categorised management for retail credit assets on the basis of overdue ageing and guarantee type. With regard to retail credit customers with overdue loans, different approaches are adopted to collect such loans based on their overdue days.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)***(i) Loans and advances to customers** *(Continued)*

Credit Card Centre of the Group is in charge of the operation and management of credit card business. Credit Card Centre of the Group adopts various supervisory and preventive measures. It reinforces data cross-validation to enhance risk prevention in the approval process, reduces risk exposure to high risk customers through customer classification and enters into the intervention process earlier than scheduled, effectively improves collection result through reasonable allocation of available resources, and optimises data analytic system to further enhance the management of credit card business.

(ii) Treasury business

For treasury business (including debt investments), the Group chooses banks and other financial institutions prudently and balances the credit risk and return rate of investments. The Group approves credits of different levels and uses an appropriate credit limit management system to review and adjust credit lines, aiming to manage the credit risk exposed to the treasury business.

For bond investments, the Group prudently manages business credit risk by focusing on evaluating the issuer's operational and financial condition, as well as their overall debt repayment ability. For the relevant bond issuers, according to credit approval authority, the Group implements hierarchical approval at both the head office and branch levels, and carries out quota management and bond tenure risk management.

Debt investments other than debt securities include investments in fund trust schemes, asset management plans and wealth management products set up by banking financial institutions. The Group implements a rating system for accepting trust companies, securities companies and fund companies.

As for derivative instruments, the Group maintains strict limits on net open derivative investment positions (i.e., the difference between long and short contracts), by both amount and maturity. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e., assets where their fair value is positive), which, in relation to derivative instruments, is only a fraction of the contract's notional amount used to express the amount outstanding. The management has set limits of these contracts according to counterparty, and regularly monitor and control the actual credit risk when the Group concludes foreign exchange and interest rate derivatives with other financial institutions and clients.

For the due from and placements with banks and other financial institutions and precious metals transactions, the Group mainly considers the size of the counterparty banks and their financial condition, prudently assessing the credit situation of the counterparties, and implementing quota management and risk management for the duration of the business.

(iii) Credit-related commitments

Credit risk exposures to financial guarantees are the same as that of loans. However, commercial letters of credit are usually pledged by the relevant shipped goods, and therefore are subject to lower risk compared with direct loans. Credit-related commitments are included in the management of overall credit line granted to the applicant. For customers with transactions beyond the credit limit or infrequent transactions, the applicant shall be requested to provide relevant margin deposits in order to reduce credit risk exposures.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(iv) Credit risk classification*

In accordance with the risk classification methods and procedures specified in the Measures for Risk Classification of Financial Assets of Commercial Banks (Order No. 1 [2023] of the China Banking and Insurance Regulatory Commission and People's Bank of China), the Group conducts classified management of financial assets. Financial assets are classified by their level of risk into the five categories of Normal, Special-mention, Substandard, Doubtful, and Loss, with the latter three collectively referred to as non-performing assets.

The core of the five categories are defined as follows:

Normal:	The debtor is capable of meeting its contractual obligations and there is no objective evidence indicating that the principal, interests, and income cannot be paid in full and on time.
Special-mention:	The debtor is currently capable of paying the principal, interests, and income notwithstanding a number of factors that might adversely affect its capacity to meet its contractual obligations.
Substandard:	The debtor is incapable of paying the principal, interests, or income in full or the financial assets have undergone credit impairment.
Doubtful:	The debtor is incapable of paying the principal, interests, or income in full and the financial assets have undergone significant credit impairment.
Loss:	None or only a minimum fraction of the financial assets can be recovered after exhausting all available options.

(b) Expected credit loss ("ECL")

The Group measures the ECL of financial instruments at amortised cost or debt investments at Fair value through other comprehensive income ("FVOCI"). The Group divides them into 3 stages by assessing whether there has been a significant increase in credit risk since initial recognition to recognise ECL.

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

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

Stage classification

The Group divides them into 3 stages. Stage 1 is "financial assets without significant increase in credit risk since initial recognition", at which the Group only needs to measure ECL in the next 12 months. Stage 2 is "financial assets with significant increase in credit risk" and stage 3 is "credit-impaired financial assets", at both of which the Group needs to measure lifetime ECL.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss ("ECL")** *(Continued)**Financial instruments that have low credit risk*

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

Significant increase in credit risk

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information, including forward-looking information. In particular, the following information is taken into account:

- Principal or interest of the instrument is more than 30 days past due;
- Credit rating of obligor changes significantly. Credit rating is based on both internal and external rating results, and the criteria are as follow:
 - (i) The changed internal and external ratings are worse than the Group's credit access standards;
 - (ii) The non-retail assets' internal ratings are downgraded by 3 ranks or above upon initial recognition;
 - (iii) Significant adverse issues have negative impacts on obligator's repayment ability;
 - (iv) Other circumstances of significant increase in credit risk. For example, appearance of other risk alarm indicators which imply growing potential risk, and could cause losses of financial assets to the Group.

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

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss ("ECL")** *(Continued)**Definition of credit-impaired and default*

The criteria adopted by the Group to determine whether a credit impairment occurs under IFRS 9 is consistent with the internal credit risk management objectives for relevant financial instrument, in addition to consideration of quantitative and qualitative indicators. In general, the Group considers a financial instrument to be credit-impaired or otherwise in default when one or more of the following criteria have been met:

- Principal or interest of the asset is more than 90 days past due;
- The issuer or obligor is in significant financial difficulty, or has already become insolvent;
- It is becoming probable that the obligor will enter bankruptcy;
- An active market for that financial asset has disappeared because of financial difficulties of issuers;
- Other objective evidence indicating impairment of the financial asset.

The financial assets are moveable between stages. For instance, financial instruments originally classified at stage 1 should be downgraded to stage 2 if events occur such as a significant increase in credit risk. Financial instruments at stage 2 could be upgraded to stage 1 if credit risk decreases and the criteria for the determination of "a significant increase in credit risk" are no longer met.

Description of parameters, assumptions and estimation techniques

The Group recognises a loss allowance to different financial instruments at an amount equal to 12-month or lifetime expected credit loss based on whether there has been a significant increase in credit risk and whether the financial instrument is credit-impaired. ECL is the result of discounted product of the weighted average of "probability of default (PD)", "loss given default (LGD)", "exposure at default (EAD)" under the three scenarios, which are defined as follows:

Probability of default (PD) is the probability of default occurring of a client and its assets in a given period of time in the future.

Exposure at default (EAD) represents the total amount of on-balance sheet and off-balance sheet exposure at the time of default by debtor, reflecting the total amount of possible losses likely to be incurred. In general, this includes the utilised credit limit, interest receivable, the anticipated usage of unused credit facilities as well as the related expenses to be incurred.

Loss given default (LGD) represents the percentage of amount of loss to be incurred in the event of default to the comprehensive risk exposure. It typically varies by nature of debtor, type and seniority of claim and the availability of collaterals or other credit risk mitigation.

Definition of default has been consistently applied to model establishment of probability of default (PD), exposure at default (EAD), loss given default (LGD) in ECL calculation throughout the Group.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Credit risk *(Continued)*

(b) Expected credit loss (“ECL”) *(Continued)*

Estimation of ECL: the impairment models

The impairment models adopt a top down approach. Through grouping, the models cover the risk exposures of financial institutions, corporates and retailers. The Group has established a macro-economic forecast model driven by the year-on-year Gross Domestic Product (GDP) growth rate to forecast values of macro-economic indicators in multiple categories, including national accounts, price index, foreign trades, fixed asset investments, currency and interest rates, under three scenarios, namely Basic Scenario, Optimistic Scenario and Pessimistic Scenario. The forecasts, after evaluation and confirmation by economic experts and senior management of the Bank, are used in asset impairment model. The macro scenario settings and the rationality of the weightings are reviewed and adjusted semiannually, based on changes in the internal and external economic environment.

As at 30 June 2026, the Group forecasts the 2026 year-on-year growth rate of GDP to be around 4.7% in the Basic Scenario. The Group fully considered the macroeconomic forecast for 2026 when evaluating the forecast information used in the impairment models.

The Group determined the weightings of Basic Scenario, Optimistic Scenario and Pessimistic Scenario with macro data analysis and expert's judgement and maintain relative stability.

Where impairment models could not be established due to lack of data support, the Group endeavoured to select appropriate methods in order to make prospective estimation. The Group made prospective adjustments to impairment calculation of overseas branches regularly based on macro-forecast data from authoritative institutions (such as IMF and the World Bank). For asset portfolios not covered by impairment models, expected loss rate was set by referring to that of similar asset portfolios with impairment models available. When the management believed that the forecast model could not fully reflect recent credit or economic events, management overlay adjustments could be used to supplement ECL allowances.

Grouping of instruments with similar credit risk characteristics

To calculate the relevance between ECL allowance and macro-economic indicators, a grouping of exposure is performed for assets with similar credit risk characteristics. In performing this grouping, the Group has considered the product type, customer type, customer industry, customer scale and other information to ensure the data reliability for statistical purposes. Where sufficient information is not available internally, the Group has leveraged supplementary data from both internal and external environments to help establish impairment model. Non-retail assets of the Group are mainly grouped according to industries, while retail assets are mainly grouped based on product types and so on. The Group re-evaluate the grouping of instruments annually.

Sensitivity analysis

The Group measures sensitivity analysis on the macro-economic indicators used in prospective estimation. As at 30 June 2026, if the optimistic/pessimistic scenario weighting increases or decreases by 10%, and the prediction of economic indicators changed correspondingly, the change of the impairment allowance does not exceed 5%.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk**

The table below displays the maximum exposure credit risk of the Group as of the balance sheet date for debts without collaterals or other credit enhancement assets. As of on-balance sheet items, maximum exposure to credit risk refers to the carrying amount of financial assets after deducting credit losses.

	As at 30 June 2026	As at 31 December 2025
Cash and balances with central banks	744,085	688,591
Due from and placements with banks and other financial institutions	944,861	881,284
Derivative financial assets	54,870	43,736
Loans and advances to customers	9,257,705	8,898,768
Financial investments		
Financial investments at FVTPL	636,448	530,489
Financial investments at amortised cost	2,781,574	2,701,622
Financial investments at FVOCI	1,207,729	1,198,061
Other financial assets	161,312	119,374
Subtotal	15,788,584	15,061,925
Off-balance sheet loan commitments	2,499,411	2,471,604
Maximum exposure to credit risk	18,287,995	17,533,529

(i) Financial instruments included in impairment assessment

The Group adopts credit rating methods to monitor the credit risk status of its debt instrument portfolio. The Group classified the credit risk levels of financial assets measured by ECL into “Low” (credit risk in good condition), “Medium” (increased credit risk), and “High” (credit risk in severe condition), based on the quality of assets. The credit risk level is used for the purpose of the group’s internal credit risk management. “Low” refers to assets with good credit quality. There is no sufficient reason to doubt that the assets are not expected to fulfill its contractual obligation to repay or if there is any other behaviors breaching the debt contracts that would significantly impact the repayment of debt according to contract terms. “Medium” refers to assets facing obvious negative factors impacting its repayment capacity, but not yet have non-repayment behaviors. “High” refers to non-repayment according to the debt contract terms, or other behaviors breaching the debt contracts or having significant impact on the repayment of debt according to contract terms.

The following table is the summary of the group’s credit risk exposure of the main financial instruments included in the ECL assessment scope. The maximum exposure to credit risk represents the worst credit risk exposure at the end of each reporting period, without taking account of any collateral held or other credit enhancements. The credit risk exposure to the Group primarily arises from credit and treasury operations. Off balance sheet items such as loan commitment, credit card commitment, Banker’s acceptance, letter of guarantee, guarantee and letter of credit also include credit risk. The credit risk exposure is mainly distributed in stage 1, and its credit risk rating is “low”.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Maximum exposure to credit risk (Continued)

(i) Financial instruments included in impairment assessment (Continued)

As at 30 June 2026	Low risk	Medium risk	High risk	Domestic branches total	Overseas and subsidiaries	Group total	Allowance for impairment losses	Maximum exposure to credit risk
On-balance sheet item								
Cash and balances with central banks								
(Stage 1)	725,849	-	-	725,849	18,236	744,085	-	744,085
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	5,560,613	102,124	56,820	5,719,557	461,925	6,181,482	(169,756)	6,011,726
Stage 1	5,413,823	-	-	5,413,823	385,484	5,799,307	(66,422)	5,732,885
Stage 2	146,790	102,124	-	248,914	65,500	314,414	(63,728)	250,686
Stage 3	-	-	56,820	56,820	10,941	67,761	(39,606)	28,155
at FVOCI	551,955	9	15	551,979	1,060	553,039	-	553,039
Stage 1	548,711	-	-	548,711	1,060	549,771	-	549,771
Stage 2	3,244	9	-	3,253	-	3,253	-	3,253
Stage 3	-	-	15	15	-	15	-	15
Loans and advances to customers-Personal								
(Excluding accrued interest)								
at amortised cost	2,573,913	52,937	55,395	2,682,245	72,780	2,755,025	(80,324)	2,674,701
Stage 1	2,555,051	-	-	2,555,051	69,572	2,624,623	(22,592)	2,602,031
Stage 2	18,862	52,937	-	71,799	2,887	74,686	(19,158)	55,528
Stage 3	-	-	55,395	55,395	321	55,716	(38,574)	17,142
Due from and placements with banks and other financial institutions								
Stage 1	616,716	-	-	616,716	331,790	948,506	(3,645)	944,861
Stage 2	616,716	-	-	616,716	329,426	946,142	(3,643)	942,499
Stage 3	-	-	-	-	2,364	2,364	(2)	2,362
Financial investments at amortised cost								
Stage 1	2,678,745	835	981	2,680,561	107,016	2,787,577	(6,003)	2,781,574
Stage 2	2,678,745	-	-	2,678,745	99,001	2,777,746	(1,380)	2,776,366
Stage 3	-	835	-	835	3,412	4,247	(488)	3,759
Stage 4	-	-	981	981	4,603	5,584	(4,135)	1,449
Debt investments at FVOCI								
Stage 1	677,633	549	-	678,182	529,547	1,207,729	-	1,207,729
Stage 2	677,633	-	-	677,633	525,936	1,203,569	-	1,203,569
Stage 3	-	549	-	549	3,605	4,154	-	4,154
Stage 4	-	-	-	-	6	6	-	6
On-balance sheet total	13,385,424	156,454	113,211	13,655,089	1,522,354	15,177,443	(259,728)	14,917,715

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(c) Maximum exposure to credit risk (Continued)

(i) Financial instruments included in impairment assessment (Continued)

As at 31 December 2025	Low risk	Medium risk	High risk	Domestic branches total	Overseas and subsidiaries	Group total	Allowance for impairment losses	Maximum exposure to credit risk
On-balance sheet item								
Cash and balances with central banks								
(Stage 1)	668,075	–	–	668,075	20,516	688,591	–	688,591
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	5,280,780	92,802	60,360	5,433,942	454,658	5,888,600	(168,501)	5,720,099
Stage 1	5,153,765	–	–	5,153,765	372,409	5,526,174	(73,410)	5,452,764
Stage 2	127,015	92,802	–	219,817	70,477	290,294	(52,729)	237,565
Stage 3	–	–	60,360	60,360	11,772	72,132	(42,362)	29,770
at FVOCI	398,880	–	15	398,895	1,002	399,897	–	399,897
Stage 1	398,778	–	–	398,778	1,002	399,780	–	399,780
Stage 2	102	–	–	102	–	102	–	102
Stage 3	–	–	15	15	–	15	–	15
Loans and advances to customers-Personal								
(Excluding accrued interest)								
at amortised cost	2,668,851	47,371	44,338	2,760,560	74,478	2,835,038	(73,790)	2,761,248
Stage 1	2,649,005	–	–	2,649,005	70,814	2,719,819	(23,199)	2,696,620
Stage 2	19,846	47,371	–	67,217	3,184	70,401	(19,904)	50,497
Stage 3	–	–	44,338	44,338	480	44,818	(30,687)	14,131
Due from and placements with banks and other financial institutions								
Stage 1	566,170	–	–	566,170	318,067	884,237	(2,953)	881,284
Stage 2	566,170	–	–	566,170	312,244	878,414	(2,949)	875,465
Stage 3	–	–	–	–	5,823	5,823	(4)	5,819
Financial investments at amortised cost	2,612,318	856	1,173	2,614,347	93,259	2,707,606	(5,984)	2,701,622
Stage 1	2,612,318	–	–	2,612,318	84,847	2,697,165	(1,434)	2,695,731
Stage 2	–	856	–	856	3,462	4,318	(495)	3,823
Stage 3	–	–	1,173	1,173	4,950	6,123	(4,055)	2,068
Debt investments at FVOCI	665,037	289	–	665,326	532,735	1,198,061	–	1,198,061
Stage 1	665,037	–	–	665,037	527,456	1,192,493	–	1,192,493
Stage 2	–	289	–	289	5,266	5,555	–	5,555
Stage 3	–	–	–	–	13	13	–	13
On-balance sheet total	12,860,111	141,318	105,886	13,107,315	1,494,715	14,602,030	(251,228)	14,350,802

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)***(ii) Financial instruments not included in impairment assessment**

The analysis of credit risk exposure of those financial assets measured at fair value through profit or loss ("FVTPL") which are not included in the impairment assessment are as follows:

	As at 30 June 2026	As at 31 December 2025
Financial assets at FVTPL		
Derivative financial instruments	54,870	43,736
Loans and advances to customers	127	36
Financial investments at FVTPL	636,448	530,489
Total	691,445	574,261

(iii) Collaterals and other credit enhancements

The Group manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparty, groups, industry segments and geographical regions.

The Group optimises its credit risk structure by placing limits in relation to one borrower, or group of borrowers. Such risks are monitored by the Group on a regular basis and subject to annual or more frequent review, whenever necessary.

The exposure to any single borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward currency derivatives. The Group monitors the actual credit risk exposure and credit limits on a daily basis.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet principal and interest repayment obligations. The Group will change their lending limits when appropriate based on the analysis.

Some other specific control and risk mitigation measures are outlined below.

Collaterals

The Group employs a range of policies and practices to mitigate credit risk. The most common practice is to accept collaterals or pledges. The Group implements guidelines on the acceptability of specific classes of collaterals and pledges. The principal types of collaterals and pledges for loans and advances to customers are:

- Residential properties;
- Business assets such as premises, inventory and receivables;
- Financial instruments such as debt securities and stocks.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)**(iii) Collaterals and other credit enhancements (Continued)*Collaterals (Continued)

The value of collaterals at the time of loan origination is subject to loan-to-value ratio limits based on collateral types. The principal types of collaterals for corporate loans and personal loans are as follows:

Collaterals	Maximum loan-to-value ratio
Cash deposits with the Group	90%
PRC treasury bonds	90%
Financial institution bonds	90%
Publicly traded stocks	60%
Rights to collect fees or right of management	65%
Properties	70%
Land use rights	70%
Vehicles	50%

Long-term loans and advances to corporate and personal customers are generally secured.

For loans guaranteed by a third-party guarantor, the Group will assess the financial condition, credit history and ability to meet obligations of the guarantor.

Collaterals and pledges held as security for financial assets other than loans and advances to customers are determined by the nature of the instrument. Debt securities, PRC treasury bonds and the PBOC bills are generally unsecured, with the exception of asset-backed securities, which are secured by portfolios of financial instruments.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

As at 30 June 2026	Gross exposure	Impairment allowance	Carrying amount	Exposure covered by collateral
Credit impaired assets				
Loans and advances to customers				
Loans and advances to customers at amortised cost	123,477	(78,180)	45,297	60,539
Loans and advances to customers at FVOCI	15	–	15	15
Financial investments				
Financial investments at amortised cost	5,584	(4,135)	1,449	972
Debt investments at FVOCI	6	–	6	–

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(c) Maximum exposure to credit risk** *(Continued)***(iii) Collaterals and other credit enhancements** *(Continued)***Collaterals** *(Continued)*

As at 31 December 2025	Gross exposure	Impairment allowance	Carrying amount	Exposure covered by collateral
Credit impaired assets				
Loans and advances to customers				
Loans and advances to customers at amortised cost	116,950	(73,049)	43,901	61,423
Loans and advances to customers at FVOCI	15	–	15	15
Financial investments				
Financial investments at amortised cost	6,123	(4,055)	2,068	972
Debt investments at FVOCI	13	–	13	–

Master netting arrangements

The Group may enter into master netting arrangements with the counterparties. The related credit risk of contracts will reduce when settled on a net basis. Each party to the master netting arrangements will settle all such amounts on a net basis in the event of default of the other party.

(d) Derivative instruments

In accordance with the Administrative Measures for the Capital Management of Commercial Banks issued by China's National Financial Regulatory Administration (the "NFRA"), the Group adopts the standardised approach to measure the credit risk-weighted assets of derivative instruments, including the default risk-weighted assets of non-central counterparties, the credit risk-weighted assets of central counterparties, and the credit valuation adjustment risk-weighted assets.

For further information on counterparty credit risk-weighted assets, please refer to *the Bank of Communications Co., Ltd. Pillar 3 Report at 30 June 2026* published on the official website of the Bank.

(e) Foreclosed assets

	As at 30 June 2026	As at 31 December 2025
Buildings	942	854
Land use rights	7	7
Others	10	10
Gross	959	871
Less: Impairment allowances	(433)	(431)
Net	526	440

Foreclosed assets are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not generally occupy foreclosed assets for its own business use. Foreclosed assets are classified as other assets in the statement of financial position.

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(f) Concentration risk analysis for financial assets

The Group mainly manages concentration risk for loans and advances to customers by industry sectors and also manages concentration risk for financial assets by geographical sectors.

Concentration risk for geographical sectors

As at 30 June 2026	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	725,957	1,428	16,700	744,085
Due from and placements with banks and other financial institutions	669,598	138,339	136,924	944,861
Derivative financial assets	33,599	16,631	4,640	54,870
Loans and advances to customers	8,917,938	200,271	139,496	9,257,705
Financial investments at FVTPL	618,866	11,117	6,465	636,448
Debt investments at FVOCI	787,269	232,224	188,236	1,207,729
Financial investments at amortised cost	2,707,642	59,638	14,294	2,781,574
Other financial assets	149,774	11,219	319	161,312
Total	14,610,643	670,867	507,074	15,788,584
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,420,962	5,735	10,461	1,437,158
Loan commitments and other credit related commitments	1,033,383	20,203	8,667	1,062,253
Total	2,454,345	25,938	19,128	2,499,411

As at 31 December 2025	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	669,015	1,604	17,972	688,591
Due from and placements with banks and other financial institutions	623,578	145,994	111,712	881,284
Derivative financial assets	26,346	14,692	2,698	43,736
Loans and advances to customers	8,570,756	193,269	134,743	8,898,768
Financial investments at FVTPL	520,235	4,279	5,975	530,489
Debt investments at FVOCI	773,059	247,577	177,425	1,198,061
Financial investments at amortised cost	2,643,551	44,100	13,971	2,701,622
Other financial assets	112,606	6,311	457	119,374
Total	13,939,146	657,826	464,953	15,061,925
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,402,176	5,666	13,794	1,421,636
Loan commitments and other credit related commitments	1,019,762	20,466	9,740	1,049,968
Total	2,421,938	26,132	23,534	2,471,604

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

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*(1) Credit risk *(Continued)**(f) Concentration risk analysis for financial assets (Continued)**Geographical risk concentration for loans and advances to customers*

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

Note: The definitions of geographical operating segments are set out in Note 45.

Industry analysis for loans and advances to customers

	As at 30 June 2026		As at 31 December 2025	
		%		%
Corporate loans				
Manufacturing	1,351,745	14.24	1,199,118	13.14
Leasing and commercial services	1,104,805	11.64	1,050,098	11.51
Transportation, storage and postal service	1,064,314	11.22	1,040,017	11.40
Real estate	504,839	5.32	515,274	5.65
Water conservancy, environmental and other public services	467,041	4.92	453,574	4.97
Production and supply of power, heat, gas and water	455,603	4.80	462,521	5.07
Wholesale and retail	445,909	4.70	364,888	4.00
Construction	242,844	2.56	221,232	2.42
Finance	212,719	2.24	182,029	2.00
Education, science, culture and public health	197,289	2.08	178,108	1.95
Information transmission, software and IT services	148,380	1.56	122,863	1.35
Mining	136,841	1.44	138,852	1.52
Accommodation and catering	38,090	0.40	37,936	0.42
Others	84,587	0.90	77,300	0.85
Discounted bills	279,642	2.95	244,723	2.68
Total corporate loans	6,734,648	70.97	6,288,533	68.93
Personal loans				
Mortgages	1,402,596	14.78	1,442,452	15.81
Credit cards	485,319	5.11	531,348	5.82
Personal business loans	469,454	4.95	462,270	5.07
Personal consumption loans	394,166	4.15	395,731	4.34
Others	3,490	0.04	3,237	0.03
Total personal loans	2,755,025	29.03	2,835,038	31.07
Gross amount of loans and advances before impairment allowances	9,489,673	100.00	9,123,571	100.00

Note: The classification of industries is consistent with the latest national standards for industry classification (Industrial classification for national economic activities (GB/T 4754-2017) issued by SAC and AQSIQ in 2017).

The industry risk concentration analysis for loans and advances to customers is based on the type of industry of the borrowers.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)****(g) Assessing the credit risk of financial assets after modifications to contractual cash flows***

To maximize collection outcomes, the Group may occasionally negotiate amendments to the contractual terms of loans due to commercial negotiations or borrower financial difficulties. Such commercial modifications include extended payment term arrangements, payment holidays, and provision of grace periods. Where management has determined that customers are likely to continue repayments, the Group has established specific loan restructuring policies and operational procedures, which are subject to ongoing review. Loan restructurings are most commonly encountered in the management of medium-and long-term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group monitors the subsequent performance of modified assets. If the Group determines that the credit risk has significantly improved after modification, these assets will be transformed from stage 3 or stage 2 to stage 1, and the impairment allowance of these assets will be measured on the basis of 12 months ECL instead of the lifetime ECL.

(2) Market risk***Overview***

Market risk is risk of loss on the Group's on balance sheet and off balance sheet businesses, which is originated from the market price (unfavourable changes and fluctuations in interest rates, foreign exchange rates, equity product price and commodity price). Market risk exists in the Group's trading and non trading businesses. The market risk disclosed in this note excludes the interest rate risk in the banking book. For analysis of the interest rate risk in the banking book, please refer to Note 3(3).

The Group established an integrated market risk management system, formed a market risk management structure with the separation of front and middle-end platforms and specified the responsibilities, the division of labor and the reporting route of the Board of Directors, Senior Management, special committees and other relevant departments to ensure the compliance and effectiveness of market risk management.

In accordance with the Rules on Capital Management of Commercial Banks issued by the NFRA, the Group's financial instrument, foreign exchange and commodity positions and other financial instruments recognized by the NFRA are divided into trading book and banking book. The trading book consists of financial instruments, foreign exchange and commodity positions and other financial instruments recognized by the NFRA held either for trading intent or economic hedging against risks of the other items in the trading book. The banking book consists of all instruments other than those included in trading book. The Group recognises, measures, monitors and controls the market risks in trading book and banking book according to their nature and characteristics. The market risk capital measured by the Bank in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the NFRA can be referred to the *Bank of Communications Co., Ltd. Pillar 3 Report at 30 June 2026* published on the official website of the Bank.

With regard to the exchange rate risk and the interest rate risk of trading book, the Group established an effective limit management system by implementing Net Position, Risk Sensitivity, Value at Risk ("VaR") and other indicators.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(2) Market risk *(Continued)*

Overview *(Continued)*

The Group has continuously improved the management system of market risk. The Group conducted stress tests on historical scenarios and hypothetical scenarios in the consideration of the Group's major market risk factors. The Group has realised daily automatic collection of trading data and market data in the system. The Group conducted the management of risk capital and VaR quota, and formulated the quota allocation plans.

The Group also applies sensitivity analysis to assess and measure the market risk of trading book and banking book. Sensitivity analysis indicates the impact on the relevant market risk assuming that only a single variable changes. As any risk variable rarely changes isolatedly, and the correlation between variables will have a significant effect on the final impact amount of the change of a risk variable, the results of sensitivity analysis can only provide limited market risk information.

The major measurement techniques used to measure and control market risk are outlined below:

(a) Foreign exchange risk

The Group conducts the majority of its businesses in RMB, and the recording currency is RMB. Certain foreign transactions are conducted in USD, HKD and other currencies. The exchange rate of RMB to USD, HKD or other currencies is subject to the trading rules of China Foreign Exchange Trade System. Exchange rate risk mainly results from currency mismatch between foreign currency assets and liabilities and between off balance sheet currency exposure. The Group has formulated management measures for exchange rate risks, defining the functional division and scope of work of the exchange rate risk management department, risk identification, measurement, monitoring and control methods. Moreover, the Group controls exchange rate risk by setting relevant limits, taking the initiative to adjust the structure of foreign currency assets for a proper matching of currency structure of assets and liabilities, and applying appropriate exchange rate financial derivatives for transfers and hedging based on its own risk tolerance and operating level.

As at 30 June 2026, the exchange rates for US dollar and HK dollar are 1 US dollar to RMB6.81090 (As at 31 December 2025: RMB7.02880) and 1 HK dollar to RMB0.86855 (As at 31 December 2025: RMB0.90322), respectively.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Carrying amounts of the Group's total assets and liabilities categorised by the original currency as at the date of statement of financial position are as follows:

As at 30 June 2026	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	724,766	16,414	2,300	13,162	756,642
Due from and placements with banks and other financial institutions	597,942	236,324	84,961	25,634	944,861
Derivative financial assets	37,653	11,162	3,998	2,057	54,870
Loans and advances to customers	8,857,562	174,561	139,529	86,053	9,257,705
Financial investments at FVTPL	646,077	35,363	1,049	24,149	706,638
Financial investments at amortised cost	2,691,557	60,102	9,423	20,492	2,781,574
Financial investments at FVOCI	749,770	372,046	8,612	104,829	1,235,257
Other assets	306,742	195,366	7,104	13,416	522,628
Total assets	14,612,069	1,101,338	256,976	289,792	16,260,175
Liabilities					
Due to and placements from banks and other financial institutions	(2,141,514)	(343,103)	(22,391)	(33,114)	(2,540,122)
Financial liabilities at FVTPL	(25,998)	(3,725)	(847)	(17,360)	(47,930)
Derivative financial liabilities	(35,409)	(3,348)	(2,381)	(941)	(42,079)
Deposits from customers	(9,209,771)	(407,440)	(250,572)	(47,653)	(9,915,436)
Other liabilities	(2,158,886)	(188,728)	(24,010)	(39,052)	(2,410,676)
Total liabilities	(13,571,578)	(946,344)	(300,201)	(138,120)	(14,956,243)
Net position	1,040,491	154,994	(43,225)	151,672	1,303,932
Credit related commitments and financial guarantees	2,245,080	203,807	20,424	30,100	2,499,411

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(2) Market risk (Continued)

(a) Foreign exchange risk (Continued)

As at 31 December 2025	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	666,763	17,553	2,540	14,991	701,847
Due from and placements with banks and other financial institutions	564,332	216,703	78,123	22,126	881,284
Derivative financial assets	29,826	10,060	2,359	1,491	43,736
Loans and advances to customers	8,500,477	168,368	143,856	86,067	8,898,768
Financial investments at FVTPL	539,597	39,454	1,174	20,384	600,609
Financial investments at amortised cost	2,623,809	57,258	6,315	14,240	2,701,622
Financial investments at FVOCI	734,534	394,441	4,173	92,535	1,225,683
Other assets	257,914	201,651	6,074	29,200	494,839
Total assets	13,917,252	1,105,488	244,614	281,034	15,548,388
Liabilities					
Due to and placements from banks and other financial institutions	(2,088,724)	(329,886)	(9,384)	(49,763)	(2,477,757)
Financial liabilities at FVTPL	(29,931)	(3,929)	(1,257)	(12,597)	(47,714)
Derivative financial liabilities	(28,983)	(4,352)	(2,071)	(1,592)	(36,998)
Deposits from customers	(8,582,493)	(429,165)	(244,371)	(51,786)	(9,307,815)
Other liabilities	(2,161,926)	(173,381)	(29,854)	(32,661)	(2,397,822)
Total liabilities	(12,892,057)	(940,713)	(286,937)	(148,399)	(14,268,106)
Net position	1,025,195	164,775	(42,323)	132,635	1,280,282
Credit related commitments and financial guarantees					
	2,219,853	205,907	15,328	30,516	2,471,604

Foreign exchange sensitivity analysis

The table below illustrates the impact of a concurrent appreciation or depreciation of RMB spot and forward rates against USD and HKD by 5% on the Group's net profit:

	Changes in net profit	
	As at 30 June 2026	As at 31 December 2025
5% appreciation of RMB	455	(1,252)
5% depreciation of RMB	(455)	1,252

The table below illustrates the impact of a concurrent appreciation or depreciation of RMB spot and forward rates against USD and HKD by 5% on the Group's other comprehensive income:

	Changes in other comprehensive income	
	As at 30 June 2026	As at 31 December 2025
5% appreciation of RMB	(4,110)	(3,773)
5% depreciation of RMB	4,110	3,773

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(2) Market risk** *(Continued)***(a) Foreign exchange risk** *(Continued)**Foreign exchange sensitivity analysis (Continued)*

The impact on net profit arises from the influences of RMB exchange rate fluctuation on the net position of monetary assets (excluding other book value other than amortised cost of monetary assets at fair value through other comprehensive income) and liabilities denominated in foreign currencies, the net position of non-monetary financial assets (excluding non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income) and liabilities denominated in foreign currencies measured at fair value, and the fair value of currency derivatives denominated in RMB.

The impact on other comprehensive income arises from the influences of RMB exchange rate fluctuation on the differences on translation of foreign currency financial statements of foreign operators, the overseas investment portion of monetary assets denominated in foreign currencies, other book value other than amortised cost of the non-monetary items denominated in foreign currencies measured at fair value through other comprehensive income (such as stock) and monetary items at fair value through other comprehensive income.

The above impact on net profit is based on the assumption that the sensitive position of the Group's year-end exchange rate and currency derivatives denominated in RMB remain unchanged around the year. While in practice, the Group will, based on its judgement on the trend of exchange rate, actively adjust the foreign currency position and use appropriate derivative instruments to mitigate the impact of the foreign currency risk. Therefore, the above impact might differ from the actual situation.

(b) Other price risk

The Group is exposed to other price risk arising from financial assets such as equity investments and derivatives linked to commodity price. The equity investments arise from the proprietary trading of the Group's subsidiaries which hold the qualification of securities dealing and brokerage as well. As for the proprietary trading exposure, the Group enforces strict management of the risk exposure limit and the balance is insignificant to the Group's financial assets. The Group considers the exposure to the other price risk to be insignificant.

(3) Interest rate risk in the banking book

Interest rate risk in the banking book refers to the risk of losses in the economic value of the banking book and overall earnings arising from detrimental changes in such areas as interest rate level, term structure, etc.. The Group's interest rate risk in the banking book mainly stems from the mismatch of term to repricing for assets and liabilities with interest rate sensitivity and inconsistent changes in the benchmark interest rate on which assets and liabilities are based.

The Group incorporates interest rate risk in the banking book into its comprehensive risk management framework, and has established a management system for interest rate risk in the banking book that is compatible with the Group's risk status and business complexity. The Group adopts a risk measurement system to regularly monitor the repricing gap of assets and liabilities with interest rate sensitivity, and takes appropriate measures to control and mitigate risks according to the risk status.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*(3) Interest rate risk in the banking book *(Continued)*

During the reporting period, the Group closely monitored policy trends and market interest rate trends, and performed continuous assessment and monitoring over the interest rate risk level in the banking book in combination with stress tests. The Group managed interest rate risk in the banking book by optimising the allocation strategy for assets and liabilities, actively adjusting the business repricing term structure and the duration of investment portfolios, and properly applying interest rate derivatives. As a result, all risk indicators were controlled and within their limits, and interest rate risk in the banking book was controllable as a whole.

At the date of statement of financial position, the Group's assets and liabilities categorised by the repricing date or maturity date (whichever is earlier) are as follows:

As at 30 June 2026	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	731,382	-	-	-	-	25,260	756,642
Due from and placements with banks and other financial institutions	461,939	171,248	244,265	63,175	24	4,210	944,861
Derivative financial assets	-	-	-	-	-	54,870	54,870
Loans and advances to customers	1,311,532	1,753,236	5,182,681	643,600	125,222	241,434	9,257,705
Financial investments at FVTPL	18,040	82,269	93,183	69,501	43,444	400,201	706,638
Financial investments at amortised cost	26,603	35,563	160,991	1,212,274	1,321,551	24,592	2,781,574
Financial investments at FVOCI	47,353	91,106	181,799	590,208	285,829	38,962	1,235,257
Other assets	-	-	-	-	-	522,628	522,628
Total assets	2,596,849	2,133,422	5,862,919	2,578,758	1,776,070	1,312,157	16,260,175
Liabilities							
Due to and placements from banks and other financial institutions	(1,534,257)	(361,669)	(617,916)	(15,302)	(3,568)	(7,410)	(2,540,122)
Financial liabilities at FVTPL	(823)	(3,493)	(7,623)	(13,955)	-	(22,036)	(47,930)
Derivative financial liabilities	-	-	-	-	-	(42,079)	(42,079)
Deposits from customers	(3,834,926)	(874,482)	(2,247,582)	(2,815,224)	(37)	(143,185)	(9,915,436)
Other liabilities	(138,152)	(367,207)	(979,884)	(332,614)	(404,727)	(188,092)	(2,410,676)
Total liabilities	(5,508,158)	(1,606,851)	(3,853,005)	(3,177,095)	(408,332)	(402,802)	(14,956,243)
Total interest sensitivity gap	(2,911,309)	526,571	2,009,914	(598,337)	1,367,738	909,355	1,303,932

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(3) Interest rate risk in the banking book (Continued)

As at 31 December 2025	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with central banks	675,555	–	–	–	–	26,292	701,847
Due from and placements with banks and other financial institutions	382,195	187,082	259,458	47,149	264	5,136	881,284
Derivative financial assets	–	–	–	–	–	43,736	43,736
Loans and advances to customers	2,203,113	1,714,894	3,933,712	661,135	108,471	277,443	8,898,768
Financial investments at FVTPL	17,289	23,685	64,784	84,359	46,991	363,501	600,609
Financial investments at amortised cost	22,183	39,518	204,104	1,145,426	1,263,638	26,753	2,701,622
Financial investments at FVOCI	70,246	90,425	169,770	590,391	265,018	39,833	1,225,683
Other assets	–	–	–	–	–	494,839	494,839
Total assets	3,370,581	2,055,604	4,631,828	2,528,460	1,684,382	1,277,533	15,548,388
Liabilities							
Due to and placements from banks and other financial institutions	(1,284,290)	(327,991)	(841,723)	(11,379)	(3,758)	(8,616)	(2,477,757)
Financial liabilities at FVTPL	–	(4,459)	(3,926)	(16,277)	–	(23,052)	(47,714)
Derivative financial liabilities	–	–	–	–	–	(36,998)	(36,998)
Deposits from customers	(3,689,410)	(905,594)	(1,937,079)	(2,606,168)	(41)	(169,523)	(9,307,815)
Other liabilities	(168,338)	(287,969)	(1,107,805)	(331,826)	(344,916)	(156,968)	(2,397,822)
Total liabilities	(5,142,038)	(1,526,013)	(3,890,533)	(2,965,650)	(348,715)	(395,157)	(14,268,106)
Total interest sensitivity gap	(1,771,457)	529,591	741,295	(437,190)	1,335,667	882,376	1,280,282

The data set out in the above table includes trading book data.

Interest rate sensitivity analysis

The table below illustrates the impact on net profit of the Group for the following year based on the structure of financial assets and liabilities as at the date of statement of financial position, resulting from a parallel upward or downward shift of 100 basis points in related yield curves:

	Changes in net profit	
	As at 30 June 2026	As at 31 December 2025
+100 basis points parallel shift in yield curves	9,588	13,756
– 100 basis points parallel shift in yield curves	(9,588)	(13,756)

The table below illustrates the impact on other comprehensive income of the Group for the following year based on the structure of financial assets and liabilities as at the date of statement of financial position, resulting from a parallel upward or downward shift of 100 basis points in related yield curves.

	Changes in other comprehensive income	
	As at 30 June 2026	As at 31 December 2025
+100 basis points parallel shift in yield curves	(31,330)	(29,294)
– 100 basis points parallel shift in yield curves	33,236	32,603

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(3) Interest rate risk in the banking book** *(Continued)***Interest rate sensitivity analysis** *(Continued)*

The above-mentioned impact on other comprehensive income arises from the changes in the fair value of fixed-interest-rate bonds at fair value through other comprehensive income, and loans and advances to customers at fair value through other comprehensive income.

The results of the interest rate sensitivity analysis set out in the table above are illustrative only and are based on simplified scenarios. The figures represent the projected impact to the net profit and other comprehensive income caused by the projected movement of current interest risk structure yield curves. This effect, however, does not take into account actions that would be taken by the Group to mitigate the impact of interest rate changes.

The projections above also assume that interest rates of all maturities excluding demand deposits move by the same amount and, therefore, do not reflect the potential impact on net profit due to changes in certain rates while others remain unchanged. The projections are based on other simplified assumptions as well, including that all positions are to be held to maturity. There will be changes to the projection if positions are not held to maturity but it is not expected that the changes would be material.

The Group believes the assumption does not represent the Group's policy on use of funds and interest rate risk management. As a result, the above impact may differ from the actual situation.

(4) Liquidity risk**Overview**

Liquidity risk is the risk that occurs when the Group is not able to obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfill other payment obligations, or meet other funding needs in the normal course of business. The Group's liquidity risk mainly comes from depositors' early or centralised withdrawals, borrowers' deferred repayment of loans, the amount of assets and liabilities and maturity mismatches.

(a) Liquidity risk management

The Group implements centralised management of liquidity risk and, on the basis of forecasting liquidity requirements, formulates corresponding liquidity management plans and actively manages the liquidity of the Bank. The specific measures mainly include:

- Pay close attention to changes in the macroeconomic situation, central bank monetary policy, capital market dynamics, etc;
- Enhance weighting of core deposits as a percentage of liabilities, so as to improve the stability of liabilities;
- Monitor and manage liquidity position bank-wide by implementing a series of indicators and restrictions;
- Liquidity position management and cash utilisation functions are centralised by the Head offices;
- Maintain an appropriate level of central bank reserves, overnight inter-bank transactions, highly liquid debt investment, actively involve in capital management through open market, monetary market and bond market in order to ensure optimal financing capability at market places;
- Minimise liquidity risk by proper management of asset maturity structures and multi-level liquidity portfolios.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Liquidity risk (Continued)

(b) Analysis of Liquidity Risk of Financial Assets and Liabilities

The table below presents the structural analysis by contracted maturities on non-derivative financial assets and financial liabilities, and derivative financial instruments that will be settled on a net basis and on a gross basis by the remaining contractual maturities at the financial reporting date. The amounts disclosed in the tables are the contractual undiscounted cash flows, except for certain derivatives which are disclosed at fair value (i.e. discounted cash flows basis). The Group's expected cash flows on these financial instruments may vary significantly from the following analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance although they have been classified as repayable on demand in the following tables.

As at 30 June 2026	Overdue	Undated	On Demand	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	685,571	70,763	-	308	-	-	-	756,642
Due from and placements with banks and other financial institutions	-	-	86,674	328,598	132,073	268,167	130,426	23,094	969,032
Loans and advances to customers	84,905	-	-	492,052	621,494	2,616,079	3,060,843	4,285,815	11,161,188
Financial investments at FVTPL	312	70,190	291,911	17,451	106,149	103,691	85,978	48,003	723,685
Financial investments at amortised cost	1,739	-	-	26,945	44,087	221,852	1,449,352	1,528,851	3,272,826
Financial investments at FVOCI	6	27,528	-	27,450	55,638	174,785	771,663	366,485	1,423,555
Other financial assets	2,834	1,053	157,425	-	-	-	-	-	161,312
Assets held for managing liquidity risk (contractual maturity dates)									
	89,796	784,342	606,773	892,496	959,749	3,384,574	5,498,262	6,252,248	18,468,240
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(1,085,051)	(417,781)	(342,980)	(641,920)	(49,547)	(20,274)	(2,557,553)
Financial liabilities at FVTPL	-	(642)	(18,456)	(871)	(5,746)	(8,439)	(14,464)	-	(48,618)
Deposits from customers	-	-	(3,157,815)	(797,924)	(889,360)	(2,310,559)	(2,899,492)	(37)	(10,055,187)
Certificates of deposit issued	-	-	-	(91,342)	(305,276)	(932,405)	(41,845)	(37)	(1,370,905)
Debt securities issued	-	-	-	(43,380)	(41,683)	(76,081)	(356,437)	(282,969)	(800,550)
Other financial liabilities	-	-	(106,968)	(1,515)	(407)	(2,008)	(7,537)	(3,087)	(121,522)
Total liabilities (contractual maturity dates)	-	(642)	(4,368,290)	(1,352,813)	(1,585,452)	(3,971,412)	(3,369,322)	(306,404)	(14,954,335)
Net position	89,796	783,700	(3,761,517)	(460,317)	(625,703)	(586,838)	2,128,940	5,945,844	3,513,905
Cash flows from derivative financial instruments									
Derivative financial instruments settled on a net basis	-	-	-	17	11	557	6,690	1,278	8,553
Derivative financial instruments settled on a gross basis									
Cash inflows	-	-	-	1,336,169	818,795	1,512,482	109,520	2,790	3,779,756
Cash outflows	-	-	-	(1,334,954)	(819,040)	(1,509,090)	(108,772)	(2,870)	(3,774,726)
Total	-	-	-	1,215	(245)	3,392	748	(80)	5,030

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Liquidity risk (Continued)

(b) Analysis of Liquidity Risk of Financial Assets and Liabilities (Continued)

As at 31 December 2025	Overdue	Undated	On Demand	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Assets									
Cash and balances with central banks	-	638,205	63,360	-	282	-	-	-	701,847
Due from and placements with banks and other financial institutions	-	-	73,471	268,494	157,183	275,761	102,765	26,657	904,331
Loans and advances to customers	82,010	-	-	531,460	584,217	2,395,021	3,004,301	4,305,996	10,903,005
Financial investments at FVTPL	256	60,545	257,084	21,125	48,274	76,147	101,936	52,462	617,829
Financial investments at amortised cost	2,362	-	-	21,266	46,365	268,828	1,380,037	1,443,240	3,162,098
Financial investments at FVOCI	13	27,622	-	44,358	48,254	181,277	756,113	340,782	1,398,419
Other financial assets	2,528	1,096	115,750	-	-	-	-	-	119,374
Assets held for managing liquidity risk (contractual maturity dates)	87,169	727,468	509,665	886,703	884,575	3,197,034	5,345,152	6,169,137	17,806,903
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(852,014)	(391,081)	(300,017)	(872,156)	(63,788)	(20,243)	(2,499,299)
Financial liabilities at FVTPL	-	(713)	(19,247)	(993)	(6,369)	(4,158)	(17,047)	-	(48,527)
Deposits from customers	-	-	(3,060,878)	(775,630)	(931,337)	(1,998,947)	(2,703,357)	(41)	(9,470,190)
Certificates of deposit issued	-	-	-	(158,948)	(226,592)	(993,585)	(41,648)	(393)	(1,421,166)
Debt securities issued	-	-	-	(335)	(38,820)	(143,752)	(342,062)	(250,159)	(775,128)
Other financial liabilities	-	-	(78,064)	(1,522)	(407)	(2,156)	(7,526)	(3,189)	(92,864)
Total liabilities (contractual maturity dates)	-	(713)	(4,010,203)	(1,328,509)	(1,503,542)	(4,014,754)	(3,175,428)	(274,025)	(14,307,174)
Net position	87,169	726,755	(3,500,538)	(441,806)	(618,967)	(817,720)	2,169,724	5,895,112	3,499,729
Cash flows from derivative financial instruments									
Derivative financial instruments settled on a net basis	-	-	-	17	35	254	4,781	1,357	6,444
Derivative financial instruments settled on a gross basis									
Cash inflows	-	-	-	1,153,254	1,036,404	1,517,425	180,382	14,987	3,902,452
Cash outflows	-	-	-	(1,152,786)	(1,036,824)	(1,516,769)	(178,662)	(15,043)	(3,900,084)
Total	-	-	-	468	(420)	656	1,720	(56)	2,368

Assets available to repay all of the liabilities and fulfill loan commitments include cash, balances with central banks, due from and placements with banks and other financial institutions, financial investment at fair value through profit or loss, etc.. In the normal course of business, a majority of matured deposits will not be withdrawn immediately on the maturity date but will continue to be kept by the Group. In addition, financial investments at fair value through other comprehensive income can also be disposed of when necessary to obtain funds for repayment of matured debts.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Liquidity risk (Continued)

(c) Maturity analysis

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

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

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Liquidity risk (Continued)

(c) Maturity analysis (Continued)

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

(d) Off-balance sheet items

The off-balance sheet items of the Group primarily comprise loan commitments, credit card commitments, letter of credit commitments, guarantee and letters of guarantee issued, acceptance notes, etc.. The table below lists the liquidity analysis of the off-balance sheet items of the Group, and financial guarantees are included at notional amounts and based on the earliest contractual maturity date.

As at 30 June 2026	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	964,161	45,862	52,230	1,062,253
Guarantees, acceptances and letters of credit	1,183,022	245,554	8,582	1,437,158
Total	2,147,183	291,416	60,812	2,499,411

As at 31 December 2025	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	952,644	46,294	51,030	1,049,968
Guarantees, acceptances and letters of credit	1,173,950	237,451	10,235	1,421,636
Total	2,126,594	283,745	61,265	2,471,604

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(5) Fair value of financial assets and liabilities*****(a) Determination of fair value and valuation techniques***

Some of the Group's financial assets and financial liabilities are measured at fair value. The Board of Directors is responsible for establishing a sound system of internal control over valuation and is ultimately responsible for the adequacy and effectiveness of the system of internal control and for reviewing and approving the policy for fair value accounting valuation of financial instruments. The Group's internal control system related to fair value valuation specifies fundamental valuation principles, methodologies, processes, as well as division of responsibilities.

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of financial instruments with unadjusted quoted prices for identical instruments in active markets is determined by the open market quotations. These instruments are classified as level 1. For instance, foreign currency bonds with active market quotations are valued using live market quotes from sources such as Bloomberg.

The Group uses valuation techniques to determine the fair value of financial instruments when an open market quotation in active markets is not obtainable.

If the key parameters used in valuation techniques for financial instruments are substantially observable, the instruments are classified as level 2, which held by the Group mainly includes derivatives, debt securities and certificates of deposit without quotations from active market, unimpaired loans and advances to customers carried at FVOCI, precious metals contracts and debt securities issued. The fair value of RMB denominated bonds is mainly valued based on the valuation results of the bonds from China Central Depository & Clearing Co., Ltd., while the fair value of the foreign currency denominated bonds lacking active market quotations is determined based on the valuation results published by Bloomberg. The fair value of foreign currency forwards and swaps, interest rate swaps, foreign currency options is estimated by the discounted cash flow model and Black-Scholes model. The fair value of precious metal contracts are mainly determined in accordance with relevant observable market parameters. The main parameters used in discounted cash flow model include recent market prices, the relevant yield curve, exchange rates and counterparty's credit spread. Main parameters used in Black-Scholes model include the relevant yield curve, exchange rate, level of volatilities and counterparty's credit spread, etc.. All parameters used in valuation techniques are substantially observable and obtainable from active open market.

For trust and asset management plan at fair value through profit or loss, impaired loans and advances to customers at fair value through other comprehensive income, the fair value is determined based on discounted cash flow model using unobservable discount rates that reflect credit risk. These financial instruments are classified as level 3.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(5) Fair value of financial assets and liabilities** *(Continued)***(a) Determination of fair value and valuation techniques** *(Continued)*

For convertible bonds, unlisted equities, unlisted funds, certain trusts and asset management plans, etc. held by the Group, the fair value of these financial instruments are determined with reference to certain unobservable inputs, and therefore the instruments have been classified by the Group as level 3. The management determines the fair value of these financial instruments using a variety of techniques, the valuation methods used were mainly the discounted cash flow method and the market comparable companies method, including using valuation models that incorporate and take into account unobservable inputs such as interest's cash flow, risk-adjusted discount rate, price to book value ratio, price to earnings ratio and liquidity discounts. The Group has established internal control procedures to monitor the Group's exposure to such financial instruments.

(b) Financial instruments not measured at fair value

The Group's financial assets and financial liabilities not measured at fair value mainly include cash and deposits with central banks, deposits and placements with banks and non-bank financial institutions, financial assets held under resale agreements, loans and advances to customers and financial assets measured at amortised cost, borrowings from central banks, deposits and placements from banks and non-bank financial institutions, financial assets sold under repurchase agreements, deposits from customers, and debt securities issued.

There are no significant differences between the carrying amount and the fair value of financial assets and financial liabilities not measured at fair value, except for the following items:

	As at 30 June 2026		As at 31 December 2025	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial investments at amortised cost	2,781,574	2,909,673	2,701,622	2,812,181
Financial liabilities				
Debt securities issued	(705,286)	(715,269)	(679,447)	(686,042)

Fair value hierarchy of financial instruments not measured at fair value

As at 30 June 2026	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	23,408	2,861,638	24,627	2,909,673
Financial liabilities				
Debt securities issued	–	(715,269)	–	(715,269)
As at 31 December 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at amortised cost	25,280	2,757,180	29,721	2,812,181
Financial liabilities				
Debt securities issued	–	(686,042)	–	(686,042)

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(5) Fair value of financial assets and liabilities (Continued)

(c) Financial assets and financial liabilities measured at fair value on a recurring basis

The financial assets and liabilities measured at fair value on a recurring basis by the three levels are analysed below:

As at 30 June 2026	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Debt securities	39,337	254,931	608	294,876
Fund and asset management products	168,654	27,237	31,847	227,738
Equity investments	1,531	2,495	66,164	70,190
Precious metal contracts	–	13,802	–	13,802
Other debt investments	64,379	34,099	1,554	100,032
Derivative financial instruments	–	54,870	–	54,870
Loans and advances to customers	–	109	18	127
Subtotal	273,901	387,543	100,191	761,635
At fair value through other comprehensive income				
Debt investments at FVOCI	78,500	1,124,101	5,128	1,207,729
Investments in equity instruments designated at FVOCI	10,867	14	16,647	27,528
Loans and advances to customers at FVOCI	–	553,024	15	553,039
Subtotal	89,367	1,677,139	21,790	1,788,296
Total assets	363,268	2,064,682	121,981	2,549,931
As at 30 June 2026				
Placements from banks and other financial institutions	–	(2,031)	–	(2,031)
Financial liabilities at FVTPL	(151)	(47,355)	(424)	(47,930)
Derivative financial instruments	–	(42,079)	–	(42,079)
Debt securities issued	–	(8,173)	–	(8,173)
Total liabilities	(151)	(99,638)	(424)	(100,213)

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(5) Fair value of financial assets and liabilities (Continued)

(c) Financial assets and financial liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2025	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Placements with banks and other financial institutions	–	438	–	438
Debt securities	40,047	186,495	605	227,147
Fund and asset management products	120,105	33,794	29,898	183,797
Equity investments	1,512	2,362	66,246	70,120
Precious metal contracts	–	11,037	–	11,037
Other debt investments	62,046	44,953	1,509	108,508
Derivative financial instruments	–	43,736	–	43,736
Loans and advances to customers	–	18	18	36
Subtotal	223,710	322,833	98,276	644,819
At fair value through other comprehensive income				
Debt investments at FVOCI	69,773	1,124,569	3,719	1,198,061
Investments in equity instruments designated at FVOCI	11,029	30	16,563	27,622
Loans and advances to customers at FVOCI	–	399,882	15	399,897
Subtotal	80,802	1,524,481	20,297	1,625,580
Total assets	304,512	1,847,314	118,573	2,270,399
As at 31 December 2025	Level 1	Level 2	Level 3	Total
Placements from banks and other financial institutions	–	(5,184)	–	(5,184)
Financial liabilities at FVTPL	(278)	(47,022)	(414)	(47,714)
Derivative financial instruments	–	(36,998)	–	(36,998)
Debt securities issued	–	(12,638)	–	(12,638)
Total liabilities	(278)	(101,842)	(414)	(102,534)

For the six months ended 30 June 2026, the Group's financial assets and financial liabilities measured at fair value on a recurring basis have no significant transfers between Level 1 and Level 2 (For the year ended 31 December 2025, due to changes in the valuation methodology for certain financial instruments, the Group has reclassified these instruments from Level 2 to Level 1 within the fair value hierarchy).

Reconciliation of Level 3 items

	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
Balance at 1 January 2026	98,276	20,297	(414)
Total gains or losses			
– Profit or loss	2,343	7	–
– Other comprehensive income	–	(195)	–
Additions	18,239	2,206	–
Disposals and settlement	(18,667)	(525)	(10)
Balance at 30 June 2026	100,191	21,790	(424)
– Realised gains and losses	889	7	–
– Unrealised gains and losses	1,454	–	–

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(5) Fair value of financial assets and liabilities** *(Continued)***(c) Financial assets and financial liabilities measured at fair value on a recurring basis** *(Continued)**Reconciliation of Level 3 items (Continued)*

	Financial assets at FVTPL	Financial assets at FVOCI	Financial liabilities at FVTPL
Balance at 1 January 2025	97,654	6,330	(438)
Total gains or losses			
– Profit or loss	1,314	16	–
– Other comprehensive income	–	(27)	–
Additions	23,604	14,003	–
Disposals and settlement	(26,257)	(24)	24
Transfer from other levels	1,961	–	–
Transfer to other levels	–	(1)	–
Balance at 31 December 2025	98,276	20,297	(414)
– Realised gains and losses	1,516	11	–
– Unrealised gains and losses	(202)	5	–

(6) Offsetting financial assets and liabilities

Certain financial assets and financial liabilities of the Group are subject to enforceable master netting arrangements or similar agreements. The agreement between the Group and the counterparty generally allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such a mutual consent, financial assets and financial liabilities will be settled on a gross basis. However, each party to the master netting arrangements or similar agreements will have the option to settle all such amounts on a net basis in the event of default of the other party. These financial assets and financial liabilities of the Group are not offset in accordance with IFRS Accounting Standards.

(7) Capital management

The “capital” in capital management is a broader concept than “shareholders’ equity” on the statement of financial position. The Group’s objectives in capital management are:

- To comply with the capital requirements set by the regulators of the markets where the Group operates;
- To ensure the Group’s ability to maintain a stable operation so as to continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Group management adopts the Administrative Measures for the Capital of Commercial Banks in monitoring its capital adequacy ratio and the usage of capital continuously. The quarterly monitored information is then submitted to the NFRA.

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

For the six months ended 30 June 2026

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*(7) Capital management *(Continued)*

Group has steadily promoted the implementation and deepened application of advanced methods in accordance with regulatory requirements. According to the implementation scope of the advanced methods of capital management approved by the regulator, the Group elected to use internal rating based ("IRB") approach for credit risk exposures which is approved by regulatory inspection. For credit risk exposures not covered by IRB, the corresponding portion shall be calculated by the weighted approach. The Group mainly elected to use standardised approach for market risk exposures and standardised approach for operational risk exposures.

As at 30 June 2026, the Group's capital adequacy ratio at all levels met the regulatory requirements. For further information on the Group's capital, please refer to the Bank of Communications Co., Ltd. Pillar 3 Report at 30 June 2026 published on the official website of the Bank.

4 NET INTEREST INCOME

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

5 FEE AND COMMISSION INCOME

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

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

For the six months ended 30 June 2026

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

6 FEE AND COMMISSION EXPENSE

	Six months ended 30 June	
	2026	2025
Bank card business	1,454	1,033
Settlement and agency services	894	785
Others	113	153
Total	2,461	1,971

7 NET GAINS/(LOSSES) ARISING FROM TRADING ACTIVITIES

	Six months ended 30 June	
	2026	2025
Financial instruments at FVTPL	9,897	8,385
Interest rate instruments and others	1,659	2,081
Foreign exchange	(537)	203
Total	11,019	10,669

Net gains or losses on foreign exchange include trading gains or losses and fair value changes of derivative instruments such as spot and forward contracts, currency swaps, cross currency interest rate swaps, currency options and the translation of foreign currency monetary assets and liabilities into RMB.

Net gains or losses on interest rate instruments and others include trading gains or losses and fair value changes of interest rate swaps, interest rate options, commodity and other derivatives.

Net gains/(losses) arising from trading activities for the six months ended 30 June 2026 included a net loss of RMB22 million (for the six months ended 30 June 2025: a net gain of RMB16 million) in relation to changes in the fair value of financial liabilities designated at fair value through profit or loss.

8 OTHER OPERATING INCOME

	Six months ended 30 June	
	2026	2025
Leasing income	11,692	11,155
Insurance service income	1,538	1,529
Net gains on the disposal of property, equipment and other assets	309	722
Income from sales of precious metal merchandise	14	255
Revaluation of investment properties	(24)	(50)
Other miscellaneous income	1,225	996
Total	14,754	14,607

Other miscellaneous income mainly includes income arising from miscellaneous banking services provided to the Group's customers.

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

For the six months ended 30 June 2026

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

9 CREDIT IMPAIRMENT LOSSES

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

10 OTHER ASSETS IMPAIRMENT LOSSES

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

11 OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2026	2025
General operating and administrative expenses	18,028	19,475
Staff costs (Note 12)	16,602	15,592
Costs of operating lease business	8,035	8,130
Depreciation and amortisation	4,473	4,866
Insurance service expense	4,421	2,892
Tax and surcharges	1,583	1,502
Provision for outstanding litigations	(82)	(96)
Others	451	882
Total	53,511	53,243

12 STAFF COSTS

	Note	Six months ended 30 June	
		2026	2025
Salaries, bonuses, allowances and subsidies		10,042	9,297
Post-employment benefit	(1)	2,731	2,607
Other social security and benefit costs		3,829	3,688
Total		16,602	15,592

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

For the six months ended 30 June 2026

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

12 STAFF COSTS *(Continued)***(1) Post-employment benefit****Defined contribution plans**

In accordance with relevant laws and regulations and the Group's requirements, the Group make contributions to the relevant organizations and plans based on certain percentage of the employees' basic salary which is recognised in profit or loss as incurred. Apart from these monthly contributions, the Group has no further payment obligations. The corresponding expenses shall be recorded in profit or loss of the current period when they occur.

The amount recognised in profit or loss is as follows:

	Six months ended 30 June	
	2026	2025
Expenses incurred for retirement benefit plans and unemployment insurance	1,740	1,645
Expenses incurred for annuity plan	1,015	976
Total	2,755	2,621

The amount payable at the end of the period or year is as follows:

	As at 30 June 2026	As at 31 December 2025
Payable for retirement benefit plans and unemployment insurance	94	86
Payable for annuity plan	12	20
Total	106	106

Defined benefit plans

The Group recognizes retirement benefit obligations under defined benefit plans using actuarial techniques. The actuarial assumptions used to determine the present value of the defined benefit plan obligations for retirement benefits in mainland China include the government bond yield, inflation rates and mortality-ratio. The government bond yield and inflation rate were 1.71% and 0.50% (December 31, 2025: 1.83% and -0.01%), respectively. Assumptions regarding future mortality rate were determined based on the China Life Insurance Industry Experience Life Table, which is a publicly available statistical information for the China region. The Group's retirement benefit obligations in locations other than Chinese Mainland are made in accordance with the relevant local market environment and product models.

	As at 30 June 2026	As at 31 December 2025
Statement of financial position – Net obligations for pension benefits	308	318

Amounts recognised in comprehensive income in respect of the supplementary retirement benefits are as follows:

	Six months ended 30 June	
	2026	2025
Defined benefit costs recognised in profit or loss	13	10
Defined benefit revaluation recognised in other comprehensive income	11	5
Total	24	15

Past service cost and interest expense are recognised in other operating expenses in the income statement.

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

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

13 INCOME TAX

	Six months ended 30 June	
	2026	2025
Current income tax		
– Enterprise income tax	4,817	1,486
– Hong Kong profits tax	785	774
– Other countries or regions	487	597
Subtotal	6,089	2,857
Deferred income tax (Note 23)	(1,058)	(2,402)
Total	5,031	455

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

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

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

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

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

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

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

For the six months ended 30 June 2026

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

14 BASIC AND DILUTED EARNINGS PER SHARE

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

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

For the calculation of basic earnings per share, interests of RMB1,685 million on perpetual bond declared for the period was deducted from the amounts attributable to shareholders of the parent company. The conversion feature of preference shares may lead to the possible existence of contingently issuable ordinary shares. The triggering events of conversion did not occur for the six months ended 30 June 2026, and therefore the conversion feature of preference shares has no effect on the calculation of the basic and diluted earnings per share.

15 CASH AND BALANCES WITH CENTRAL BANKS

	As at 30 June 2026	As at 31 December 2025
Cash	12,557	13,256
Statutory reserve deposits	673,176	636,565
Surplus reserve deposits	58,206	50,103
Fiscal deposits	12,395	1,641
Accrued interest	308	282
Total	756,642	701,847

The Group is required to place statutory reserves with the PBOC and overseas central banks, including RMB and foreign currency deposit reserves and foreign exchange risk reserves for forward foreign exchange sales businesses, which are not allowed to be used in the Group's daily operations.

Surplus reserve deposits with central banks are mainly used for capital settlement, financial institution transfer, etc.

Reserve rate for deposits denominated in RMB of the Group's subsidiaries in Chinese Mainland is subject to relevant regulations of the PBOC. Statutory reserve rate for deposits with central banks of overseas countries and regions is subject to regulations of local regulatory bodies.

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

For the six months ended 30 June 2026

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

16 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2026	As at 31 December 2025
Due from banks and other financial institutions		
– Banks and other financial institutions operating in Chinese Mainland	90,942	78,520
– Banks and other financial institutions operating outside Chinese Mainland	35,046	31,128
Accrued interest	857	825
Less: Allowance for impairment losses	(545)	(463)
Financial assets purchased under repurchase agreements		
– Securities	155,193	119,512
– Bills	10,469	6,047
Accrued interest	102	30
Less: Allowance for impairment losses	(1,274)	(581)
Placements with and loans to banks		
– Banks operating in Chinese Mainland	93,993	89,967
– Banks operating outside Chinese Mainland	199,067	170,639
Placements with and loans to other financial institutions		
– Placements with and loans to other financial institutions in Chinese Mainland	274,448	307,523
– Placements with and loans to other financial institutions outside Chinese Mainland	85,117	75,742
Accrued interest	3,272	4,304
Less: Allowance for impairment losses	(1,826)	(1,909)
Total	944,861	881,284

As at 30 June 2026 and 31 December 2025, due from banks and other financial institutions of the Group included pledged deposits, risk reserves and other deposits. The use of these deposits is restricted.

17 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

For the six months ended 30 June 2026

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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

(1) Fair value hedge

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

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

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

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

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

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

For the six months ended 30 June 2026

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(1) Fair value hedge (Continued)

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

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

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

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

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

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

For the six months ended 30 June 2026

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(2) Cash flow hedge

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

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

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

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

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

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

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

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

For the six months ended 30 June 2026

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

17 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(2) Cash flow hedge (Continued)

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

For the six months ended 30 June 2026

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

For the six months ended 30 June 2025

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

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

For the six months ended 30 June 2026

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

18 LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances to customers

	As at 30 June 2026	As at 31 December 2025
Loans and advances to customers		
– Carried at amortised cost	8,936,507	8,723,638
– Carried at FVOCI	553,039	399,897
– Carried at FVTPL	127	36
Less: Allowance for impairment losses	(250,080)	(242,291)
Accrued interest	20,484	19,791
Less: Allowance for impairment losses of accrued interest	(2,372)	(2,303)
Total	9,257,705	8,898,768

(2) Loans and advances to customers analysed by security type

	As at 30 June 2026	As at 31 December 2025
Unsecured loans	3,926,867	3,689,622
Guaranteed loans	1,674,312	1,568,615
Loans secured by collateral	2,699,821	2,752,348
Pledged loans	1,188,673	1,112,986
Total	9,489,673	9,123,571

(3) Movements of ECL allowance

Movements of ECL allowance – Loans and advances to customers at amortised cost:

	For the six months ended 30 June 2026			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2026	96,609	72,633	73,049	242,291
Transfers:				
Transfer to Stage 1	3,120	(3,015)	(105)	–
Transfer to Stage 2	(5,496)	7,446	(1,950)	–
Transfer to Stage 3	(141)	(10,604)	10,745	–
Provision/(reversal)	(4,985)	16,469	20,985	32,469
Written-offs and disposals	–	–	(26,289)	(26,289)
Recovery of loans and advances written off in previous years	–	–	2,676	2,676
Others	(93)	(43)	(931)	(1,067)
As at 30 June 2026	89,014	82,886	78,180	250,080

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

For the six months ended 30 June 2026

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Movements of ECL allowance (Continued)

	For the year ended 31 December 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2025	97,035	55,473	70,242	222,750
Transfers:				
Transfer to Stage 1	4,965	(4,785)	(180)	–
Transfer to Stage 2	(3,753)	6,396	(2,643)	–
Transfer to Stage 3	(260)	(15,162)	15,422	–
Provision/(reversal)	(1,364)	30,656	25,722	55,014
Written-offs and disposals	–	–	(41,733)	(41,733)
Recovery of loans and advances written off in previous years	–	–	6,972	6,972
Others	(14)	55	(753)	(712)
As at 31 December 2025	96,609	72,633	73,049	242,291

Movements of ECL allowance – Loans and advances to customers at FVOCI:

	For the six months ended 30 June 2026			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2026	1,427	15	38	1,480
Transfers:				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	(18)	175	(1)	156
As at 30 June 2026	1,409	190	37	1,636

	For the year ended 31 December 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2025	2,168	558	49	2,775
Transfers:				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	(741)	(543)	(11)	(1,295)
Recovery of loans and advances written off in previous years	–	–	1	1
Others	–	–	(1)	(1)
As at 31 December 2025	1,427	15	38	1,480

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

For the six months ended 30 June 2026

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

18 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(4) Overdue loans analysed by security type

	As at 30 June 2026				Total
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	
Unsecured loans	16,979	22,933	10,266	970	51,148
Guaranteed loans	5,031	6,164	7,517	5,665	24,377
Loans secured by collateral	16,135	22,890	20,732	4,467	64,224
Pledged loans	1,585	2,595	2,644	299	7,123
Total	39,730	54,582	41,159	11,401	146,872

	As at 31 December 2025				Total
	Overdue within three months (including three months)	Overdue between three months and one year (including one year)	Overdue between one year and three years (including three years)	Overdue over three years	
Unsecured loans	18,054	17,781	8,084	782	44,701
Guaranteed loans	2,620	6,157	8,376	4,561	21,714
Loans secured by collateral	14,117	21,340	20,338	4,544	60,339
Pledged loans	1,536	1,163	2,573	932	6,204
Total	36,327	46,441	39,371	10,819	132,958

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

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19 FINANCIAL INVESTMENTS

	As at 30 June 2026	As at 31 December 2025
Financial investments at FVTPL		
– Listed in Hong Kong	16,994	20,006
– Listed outside Hong Kong	257,734	191,746
– Unlisted	431,910	388,857
Total	706,638	600,609
Financial investments at amortised cost		
– Listed in Hong Kong	14,425	13,858
– Listed outside Hong Kong	2,659,856	2,577,133
– Unlisted	88,668	92,034
Accrued interest	24,628	24,581
Less: Allowance for impairment losses	(6,003)	(5,984)
Total	2,781,574	2,701,622
Financial investments at FVOCI		
Debt investments at FVOCI		
– Listed in Hong Kong	58,895	60,956
– Listed outside Hong Kong	1,018,423	1,016,774
– Unlisted	118,977	108,120
Accrued interest	11,434	12,211
Subtotal	1,207,729	1,198,061
Equity instruments at FVOCI		
– Listed in Hong Kong	10,125	10,383
– Listed outside Hong Kong	742	646
– Unlisted	16,661	16,593
Subtotal	27,528	27,622
Total	1,235,257	1,225,683

Debt securities traded in the China domestic inter-bank bond market are included in Listed outside Hong Kong.

The financial investments at fair value through profit or loss include financial assets held for trading and financial assets that cannot pass the SPPI test. As at 30 June 2026 and 31 December 2025, the Group had no financial investments designated as measured at FVTPL.

The Group designates part of non-trading equity investments as financial investments measured at FVOCI.

For the six months ended 30 June 2026, the Group's cash dividends received from equity instruments at FVOCI was RMB260 million (for the six months ended 30 June 2025: RMB457 million), of which no cash dividends arising from derecognised portions (for the six month period ended 30 June 2025: RMB110 million).

For the six months ended 30 June 2026, the amount of disposal of equity investment by the Group is RMB13 million (for the six months ended 30 June 2025: RMB525 million); the fair value change amount related to disposal of equity investment is RMB2 million (for the six months ended 30 June 2025: RMB127 million); the Group's accumulated gains transferred from other comprehensive income to retained earnings amounted to RMB3 million (for the six months ended 30 June 2025: RMB44 million).

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

For the six months ended 30 June 2026

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

19 FINANCIAL INVESTMENTS (Continued)

Debt securities analysed by issuer are as follows:

	As at 30 June 2026	As at 31 December 2025
Financial investments at FVTPL		
– Governments and central banks	154,506	92,904
– Policy banks	27,275	37,586
– Banks and other financial institutions	81,231	70,641
– Corporate entities	31,560	25,895
– Public sector entities	304	121
Total	294,876	227,147
Financial investments at amortised cost		
– Governments and central banks	2,603,986	2,527,802
– Policy banks	19,481	14,554
– Banks and other financial institutions	86,407	83,855
– Corporate entities	41,424	39,951
– Public sector entities	8,255	8,316
Total	2,759,553	2,674,478
Debt investments at FVOCI		
– Governments and central banks	642,116	591,579
– Policy banks	71,185	85,085
– Banks and other financial institutions	313,745	354,705
– Corporate entities	160,188	151,208
– Public sector entities	15,490	11,888
Total	1,202,724	1,194,465

The movements in allowance for impairment losses of financial investments at amortised cost are summarised as follows:

	For the six months ended 30 June 2026			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2026	1,434	495	4,055	5,984
Transfers:				
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(1)	1	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	(50)	(6)	241	185
Others	(3)	(2)	(161)	(166)
As at 30 June 2026	1,380	488	4,135	6,003

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

For the six months ended 30 June 2026

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

19 FINANCIAL INVESTMENTS *(Continued)*

	For the year ended 31 December 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2025	1,504	949	1,082	3,535
Transfers:				
Transfer to Stage 1	6	(6)	—	—
Transfer to Stage 2	(13)	13	—	—
Transfer to Stage 3	—	—	—	—
Provision/(reversal)	(85)	(479)	199	(365)
Written-offs and disposals	—	—	(227)	(227)
Others	22	18	3,001	3,041
As at 31 December 2025	1,434	495	4,055	5,984

The movements in allowance for impairment losses of debt investments at FVOCI are summarised as follows:

	For the six months ended 30 June 2026			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2026	1,582	347	546	2,475
Transfers:				
Transfer to Stage 1	10	(10)	—	—
Transfer to Stage 2	(4)	4	—	—
Transfer to Stage 3	—	—	—	—
Provision/(reversal)	(36)	39	(10)	(7)
Written-offs and disposals	—	—	(124)	(124)
Others	(30)	(3)	(20)	(53)
As at 30 June 2026	1,522	377	392	2,291

	For the year ended 31 December 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2025	1,368	80	689	2,137
Transfers:				
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(10)	10	—	—
Transfer to Stage 3	—	—	—	—
Provision/(reversal)	242	258	18	518
Written-offs and disposals	—	—	(146)	(146)
Others	(18)	(1)	(15)	(34)
As at 31 December 2025	1,582	347	546	2,475

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

For the six months ended 30 June 2026

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

20 PRINCIPAL SUBSIDIARIES

Name of subsidiaries	Registered capital	Nature of entity	Place of operation	Place of registration	Nature of business	Proportion of shares held (%)		Means of acquisition
						Direct	Indirect	
Bank of Communications Financial Leasing Co., Ltd.	RMB20,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial leasing	100.00	-	Establishment
Bank of Communications International Trust Co., Ltd.	RMB5,764,705,882	Limited liability company	Shanghai, China	Chinese Mainland	Trust investment	85.00	-	Investment
Bank of Communications Schroder Fund Management Co., Ltd.	RMB200,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Fund management	65.00	-	Establishment
BOCOM Wealth Management Co., Ltd.	RMB8,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Financial products issuing and financial consulting	100.00	-	Establishment
BOCOM MSIG Life Insurance Co., Ltd.	RMB5,100,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Life Insurance	62.50	-	Investment
Bank of Communications Financial Assets Investment Co., Ltd.	RMB15,000,000,000	Limited liability company	Shanghai, China	Chinese Mainland	Debt-to-equity swaps	100.00	-	Establishment
BOCOM International Holdings Co., Ltd.	HKD2,734,392,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Securities dealing and brokerage	73.14	-	Establishment
China BOCOM Insurance Co., Ltd.	HKD400,000,000	Foreign legal entity	Hong Kong, China	Hong Kong China	General insurance and reinsurance	100.00	-	Establishment
Bank of Communications (Hong Kong) Limited	HKD44,999,807,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Commercial banking	100.00	-	Establishment
Bank of Communications (Luxemburg) Limited	EUR350,000,000	Foreign legal entity	Luxembourg	Luxembourg	Commercial banking	100.00	-	Establishment
BOCOM Brazil Holdings Co., Ltd.	BRL700,000,000	Foreign legal entity	Rio de Janeiro, Brazil	Brazil	Investment	100.00	-	Establishment

As at 30 June 2026, the amount of non-controlling interests of these subsidiaries is insignificant to the Group.

Approved by NFRA, Zhejiang Anji BOCOM Rural Bank Ltd. and Xinjiang Shihezi BOCOM Rural Bank Company Ltd. ceased operations and implemented dissolution in separately in February and March 2026; the Bank undertakes all asset, liability, business and employees of the original rural banks.

21 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2026	As at 31 December 2025
Investments in associates		
Investment cost	15,885	13,285
Share of net profit of associates	3,598	3,206
Share of other equity changes of associates	123	192
Dividend income	(664)	(624)
Subtotal	18,942	16,059
Investments in joint ventures	721	838
Total	19,663	16,897

The Group performed impairment tests on investments in associates and joint ventures. The recoverable amount of the associates and joint ventures is determined based on the discounted future cash flows of the associates and joint ventures. The cash flow projections are based on financial forecasts approved by management of the associates and joint ventures. The average growth rates, discount rate, and other assumptions adopted to forecast cash flows respectively reflect the specific risks associated with them.

The Group's investments in associates mainly include the investments in Jiangsu Changshu Rural Commercial Bank Co., Ltd., Bank of Tibet Co., Ltd., National Green Development Fund Co., Ltd., Guomin Pension&Insurance Co., Ltd. and National Integrated Circuit Industry Investment Fund Phase III Co., Ltd.

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

For the six months ended 30 June 2026

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

21 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(Continued)*

Jiangsu Changshu Rural Commercial Bank Co., Ltd. was incorporated in Changshu City, Jiangsu Province on 3 December 2001. The registered capital of the entity is RMB3,316 million, and the principal activities of the entity are banking activities. The Group held 9.01% of equity interest in this associate as at 30 June 2026 (31 December 2025: 9.01%).

Bank of Tibet Co., Ltd. was incorporated in Tibet Autonomous Region, PRC on 30 December 2011. The registered capital of the entity is RMB3,320 million, and the principal activities of the entity are banking activities. The Group held 10.60% of equity interest in this associate as at 30 June 2026 (31 December 2025: 10.60%).

National Green Development Fund Co., Ltd. was incorporated in Shanghai on 14 July 2020. The registered capital of the entity is RMB88,500 million, and the principal activities of the entity are fund management activities. The Group held 8.47% of equity interest in this associate as at 30 June 2026 (31 December 2025: 8.47%).

Guomin Pension&Insurance Co., Ltd. was incorporated in Beijing on 22 March 2022. The registered capital of the entity is RMB11,378 million, and the principal activities of the entity are pension insurance activities. The Group held 8.79% of equity interest in this associate as at 30 June 2026 (31 December 2025: 8.79%).

National Integrated Circuit Industry Investment Fund Phase III Co., Ltd. was incorporated in Beijing on 24 May 2024. The registered capital of the entity is RMB344,000 million, and the principal activities of the entity are fund management activities. The Group held 5.81% of equity interest in this associate as at 30 June 2026 (31 December 2025: 5.81%).

22 PROPERTY AND EQUIPMENT

	Buildings	Construction in progress	All types of equipment and transportation equipment	Equipments under operating leases	Total
Cost					
As at 1 January 2026	79,594	2,229	33,977	248,478	364,278
Additions	811	177	132	21,700	22,820
Construction in progress transfer in/(out)	1,402	(1,402)	-	-	-
Transfer from investment properties	142	-	-	-	142
Decreases	(385)	-	(1,555)	(16,031)	(17,971)
As at 30 June 2026	81,564	1,004	32,554	254,147	369,269
Accumulated depreciation					
As at 1 January 2026	(38,606)	-	(26,300)	(48,344)	(113,250)
Charge for the period	(1,325)	-	(1,612)	(5,192)	(8,129)
Decreases	189	-	1,479	4,496	6,164
As at 30 June 2026	(39,742)	-	(26,433)	(49,040)	(115,215)
Allowance for impairment losses					
As at 1 January 2026	-	(16)	-	(4,086)	(4,102)
Charge for the period	-	-	-	(842)	(842)
Decreases	-	-	-	1,000	1,000
As at 30 June 2026	-	(16)	-	(3,928)	(3,944)
Net book value					
As at 30 June 2026	41,822	988	6,121	201,179	250,110

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

For the six months ended 30 June 2026

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

22 PROPERTY AND EQUIPMENT (Continued)

	Buildings	Construction in progress	All types of equipment and transportation equipment	Equipments under operating leases	Total
Cost					
As at 1 January 2025	78,720	1,636	33,590	236,720	350,666
Additions	340	1,763	2,509	37,526	42,138
Construction in progress transfer in/(out)	1,141	(1,141)	–	–	–
Transfer from investment properties	147	–	–	–	147
Transfer to investment properties	(44)	–	–	–	(44)
Decreases	(710)	(29)	(2,122)	(25,768)	(28,629)
As at 31 December 2025	79,594	2,229	33,977	248,478	364,278
Accumulated depreciation					
As at 1 January 2025	(36,542)	–	(24,677)	(45,281)	(106,500)
Charge for the period	(2,647)	–	(3,721)	(10,424)	(16,792)
Decreases	583	–	2,098	7,361	10,042
As at 31 December 2025	(38,606)	–	(26,300)	(48,344)	(113,250)
Allowance for impairment losses					
As at 1 January 2025	–	(16)	–	(5,201)	(5,217)
Charge for the period	–	–	–	(1,800)	(1,800)
Decreases	–	–	–	2,915	2,915
As at 31 December 2025	–	(16)	–	(4,086)	(4,102)
Net book value					
As at 31 December 2025	40,988	2,213	7,677	196,048	246,926

As at 30 June 2026, the net book value of the operating leased aircrafts, vessels and equipments used as collateral for borrowings was RMB43,959 million (As at 31 December 2025: RMB47,400 million).

As at 30 June 2026, the process of obtaining ownership certificate for the Group's buildings with an aggregate original book value of RMB127 million (31 December 2025: RMB128 million) was still in progress. This aforesaid matter would not affect the rights of the Group on these assets.

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

For the six months ended 30 June 2026

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

23 DEFERRED INCOME TAX

Deferred income taxes for transactions in PRC are calculated on all temporary differences using an effective tax rate of 25% for the six months ended 30 June 2026 (for the year ended 31 December 2025: 25%). Deferred income taxes for transactions in Hong Kong are calculated on all temporary differences using an effective tax rate of 16.5% (for the year ended 31 December 2025: 16.5%).

Deferred income tax assets and liabilities are attributable to the following items:

	As at 30 June 2026		As at 31 December 2025	
	Deductible/ (taxable) temporary differences	Deferred income tax assets /(liabilities)	Deductible/ (taxable) temporary differences	Deferred income tax assets /(liabilities)
Deferred income tax assets				
Allowance for impairment of assets	174,542	43,690	167,434	41,893
Changes in fair value of derivative financial liabilities	40,133	10,076	35,246	8,846
Provisions	11,137	2,784	10,508	2,628
Changes in fair value of financial instruments at FVTPL	6,337	1,593	5,795	1,461
Changes in fair value of financial assets at FVOCI	5,648	1,417	5,495	1,375
Others	18,776	4,695	19,807	4,948
Subtotal	256,573	64,255	244,285	61,151
Deferred income tax liabilities				
Changes in fair value of derivative financial assets	(49,117)	(12,386)	(40,655)	(10,262)
Changes in fair value of financial instruments at FVTPL	(9,656)	(2,412)	(10,685)	(2,668)
Changes in fair value of financial assets at FVOCI	(23,889)	(5,825)	(21,910)	(5,282)
Others	(17,152)	(4,293)	(17,561)	(4,398)
Subtotal	(99,814)	(24,916)	(90,811)	(22,610)
Net deferred income tax assets	156,759	39,339	153,474	38,541

The above net deferred income tax assets are disclosed separately on the statements of financial position based on different taxation authorities and entities:

	As at 30 June 2026	As at 31 December 2025
Deferred income tax assets	43,386	42,198
Deferred income tax liabilities	(4,047)	(3,657)
	For the six months ended 30 June 2026	For the year ended 31 December 2025
Net opening balance	38,541	38,428
Net change in deferred income tax recognised in income tax expense in the current period/year	1,058	(1,373)
Net changes in deferred income tax recognised in other comprehensive income in the current period/year	(260)	1,486
Net ending balance	39,339	38,541

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

For the six months ended 30 June 2026

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

24 OTHER ASSETS

	Note	As at 30 June 2026	As at 31 December 2025
Accounts receivable and temporary payments		160,219	118,474
Less: Allowance for impairment losses	(1)	(2,794)	(2,724)
Advance payments		12,427	15,159
Precious metal		9,740	27,677
Right-of-use assets	(2)	6,280	6,414
Investment properties	(3)	6,027	6,214
Intangible assets	(4)	2,722	2,960
Interest receivable	(5)	2,834	2,528
Land use rights and others		1,820	1,860
Refundable deposits		1,053	1,096
Long-term deferred expenses		832	926
Foreclosed assets		526	440
Goodwill	(6)	409	407
Unsettled assets		30	30
Others		7,344	7,357
Total		209,469	188,818

(1) Allowance for impairment losses

	As at 1 January 2026	Amounts (accrued)/ reversal	Written-offs	Recoveries after written-offs	Others	As at 30 June 2026
Accounts receivable and temporary prepayments	(2,724)	(334)	259	(25)	30	(2,794)

	As at 1 January 2025	Amounts (accrued)/ reversal	Written-offs	Recoveries after written-offs	Others	As at 31 December 2025
Accounts receivable and temporary prepayments	(2,038)	(993)	350	(51)	8	(2,724)

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

For the six months ended 30 June 2026

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

24 OTHER ASSETS *(Continued)*

(2) Right-of-use assets

	As at 30 June 2026	As at 31 December 2025
Cost		
Opening balance	13,585	13,899
Additions	916	2,411
Decreases	(979)	(2,725)
As at the end of the period/year	13,522	13,585
Accumulated depreciation:		
Opening balance	(7,171)	(7,225)
Additions	(1,016)	(2,147)
Decreases	945	2,201
As at the end of the period/year	(7,242)	(7,171)
Net book value	6,280	6,414
Lease liabilities	6,181	6,256

As at 30 June 2026, the lease payment related to lease contracts signed but not yet commenced amounted to RMB107 million (As at 31 December 2025: RMB99 million).

(3) Investment properties

	As at 1 January 2026	Decreases	Property revaluation	Exchange differences	As at 30 June 2026
Investment properties	6,214	(142)	(24)	(21)	6,027

	As at 1 January 2025	Increases	Property revaluation	Exchange differences	As at 31 December
Investment properties	5,456	1,097	(323)	(16)	6,214

The Group's investment properties are located in active real estate markets. The external appraisers make reasonable estimation of fair value using market prices and other related information of the similar properties.

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

For the six months ended 30 June 2026

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

24 OTHER ASSETS (Continued)

(3) Investment properties (Continued)

As at 30 June 2026 and 31 December 2025, fair value hierarchies of the investment properties of the Group are as follows:

	Level 1	Level 2	Level 3	As at 30 June 2026
Commercial property units located in Hong Kong	-	-	500	500
Commercial property units located outside Hong Kong	-	-	5,527	5,527

	Level 1	Level 2	Level 3	As at 31 December 2025
Commercial property units located in Hong Kong	-	-	545	545
Commercial property units located outside Hong Kong	-	-	5,669	5,669

The valuation of investment properties was performed by independent qualified professional valuers not connected to the Group. Valuation methodologies include "Rental Income Approach" and "Market Approach". The inputs to these models mainly include growth rate of rental, vacancy rate, future rent income years, capitalisation rate and unit price.

(4) Intangible assets

	Computer software
Cost	
As at 1 January 2026	7,968
Additions	164
Disposals	(36)
As at 30 June 2026	8,096
Accumulated amortization	
As at 1 January 2026	(5,008)
Charge for the period	(382)
Disposals	16
As at 30 June 2026	(5,374)
Net book value	2,722

	Computer software
Cost	
As at 1 January 2025	7,226
Additions	765
Disposals	(23)
As at 31 December 2025	7,968
Accumulated amortization	
As at 1 January 2025	(4,332)
Charge for the period	(688)
Disposals	12
As at 31 December 2025	(5,008)
Net book value	2,960

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

For the six months ended 30 June 2026

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

24 OTHER ASSETS *(Continued)*

- (5) The interest receivable account only reflects the interest for relevant financial instruments which is due but not received on balance sheet date.

(6) Goodwill

	For the six months ended 30 June 2026				As at 30 June 2026
	As at 1 January 2026	Addition during the period	Decrease during the period	Exchange differences	
Bank of Communications International Trust Co., Ltd.	200	–	–	–	200
BOCOM MSIG Life Insurance Company Limited	122	–	–	–	122
BANCO BOCOM BBM S.A.	85	–	–	2	87
Total	407	–	–	2	409

	For the year ended 31 December 2025				As at 31 December 2025
	As at 1 January 2025	Addition during the year	Decrease during the year	Exchange differences	
Bank of Communications International Trust Co., Ltd.	200	–	–	–	200
BOCOM MSIG Life Insurance Company Limited	122	–	–	–	122
BANCO BOCOM BBM S.A.	77	–	–	8	85
Total	399	–	–	8	407

At each end of year, the Group performed impairment tests on goodwill. In the test, the Group compares the book value of cash-generating unit (CGU) or CGUs (including goodwill) with the recoverable amount. If the recoverable amount is less than the book value, the related difference is recognised in profit or loss.

The Group calculates the recoverable amount of CGU and CGUs using cash flow models based on the management's approved financial forecasts and fixed growth rates afterwards.

As indicated by the impairment tests, goodwill arising from business combinations is not impaired and therefore, no impairment loss is recognised.

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

For the six months ended 30 June 2026

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25 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2026	As at 31 December 2025
Borrowing from central banks	382,743	319,657
Accrued interest	2,236	2,285
Due to banks		
– Banks operating in Chinese Mainland	194,317	236,938
– Banks operating outside Chinese Mainland	6,939	3,334
Due to other financial institutions		
– Other financial institutions operating in Chinese Mainland	1,063,473	915,992
– Other financial institutions operating outside Chinese Mainland	4,203	4,026
Accrued interest	2,276	2,754
Placements from banks		
– Banks operating in Chinese Mainland	376,125	353,490
– Banks operating outside Chinese Mainland	174,192	169,388
Placements from other financial institutions		
– Other financial institutions operating in Chinese Mainland	540	1,000
– Other financial institutions operating outside Chinese Mainland	7,800	8,151
Accrued interest	1,926	2,965
Financial assets sold under repurchase agreements		
Securities	290,648	440,067
Bills	31,732	17,105
Accrued interest	972	605
Total	2,540,122	2,477,757

26 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2026	As at 31 December 2025
Certificates of deposit issued	22,142	23,402
Financial liabilities related to precious metal contracts	13,815	10,956
Short position of securities held for trading	3,962	1,641
Others	8,011	11,715
Total	47,930	47,714

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

For the six months ended 30 June 2026

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

27 DEPOSITS FROM CUSTOMERS

	As at 30 June 2026	As at 31 December 2025
Corporate demand deposits	1,955,525	1,857,908
Corporate time deposits	3,508,706	3,223,777
Personal demand deposits	1,029,318	1,011,343
Personal time deposits	3,276,973	3,048,049
Other deposits	2,280	2,433
Deposits from customers	9,772,802	9,143,510
Accrued interest	142,634	164,305
Total	9,915,436	9,307,815

As at 30 June 2026, deposits from customers comprised deposits pledged as collateral of RMB339,787 million (As at 31 December 2025: RMB343,131 million).

28 CERTIFICATES OF DEPOSITS ISSUED

Certificates of deposits were issued by Head office, the Bank's overseas branches and subsidiaries are measured at amortised cost.

29 DEBT SECURITIES ISSUED

	Note	As at 30 June 2026	As at 31 December 2025
Carried at amortised cost:			
Bonds	(1)	441,762	454,376
Tier-2 capital bonds	(2)	252,783	213,007
Subordinated bonds	(3)	1,800	4,800
Accrued interest		8,941	7,264
Subtotal		705,286	679,447
Carried at fair value:			
Bonds	(1)	8,173	12,638
Total		713,459	692,085

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

For the six months ended 30 June 2026

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

29 DEBT SECURITIES ISSUED (Continued)

(1) Bonds

Detailed information of bonds held at amortised cost is as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
The Bank								
23 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.80	30,000	2023/03/27	3 years	–	29,996
23 Bocom Green Financial Bond 01	RMB	Chinese Mainland	2.77	30,000	2023/04/25	3 years	–	29,995
23 Bocomm 01	RMB	Chinese Mainland	2.59	38,000	2023/07/18	3 years	37,998	37,993
23 Bocomm 02	RMB	Chinese Mainland	2.70	30,000	2023/09/22	3 years	29,996	29,995
24 Bocomm 01	RMB	Chinese Mainland	2.20	25,000	2024/05/23	3 years	24,999	24,998
24 Bocomm Green Financial Bond 01	RMB	Chinese Mainland	2.14	5,000	2024/05/23	3 years	5,000	4,999
24 Bocomm 02BC	RMB	Chinese Mainland	1.95	30,000	2024/09/25	3 years	29,998	29,998
24 Bocomm 03BC	RMB	Chinese Mainland	2.14	20,000	2024/10/28	3 years	19,999	19,999
24 Bocomm TLAC non-capital bond 01(BC)	RMB	Chinese Mainland	2.11	30,000	2024/11/25	4 years	29,997	29,998
25 Bocomm Green Financial Bond 01A(BC)	RMB	Chinese Mainland	1.70	25,000	2025/04/08	3 years	24,998	24,998
25 Bocomm Green Financial Bond 01B(BC)	RMB	Chinese Mainland	1.76	5,000	2025/04/08	5 years	5,000	5,000
25 Bocom Science and Technology Innovation Bond 01	RMB	Chinese Mainland	1.65	15,000	2025/05/13	3 years	14,999	14,999
25 Bocom Science and Technology Innovation Bond 02	RMB	Chinese Mainland	1.77	5,000	2025/05/13	5 years	5,000	5,000
25 Bocomm TLAC non-capital bond 01A(BC)	RMB	Chinese Mainland	1.79	34,000	2025/06/12	4 years	33,998	33,997
25 Bocomm TLAC non-capital bond 01B(BC)	RMB	Chinese Mainland	1.88	6,000	2025/06/12	6 years	6,000	5,999
25 Bocomm TLAC non-capital bond 02A(BC)	RMB	Chinese Mainland	1.78	25,000	2025/07/21	4 years	24,999	25,000
			Average DR007 of past 60 trading days+24bps	5,000	2025/07/21	4 years	4,999	5,000
25 Bocomm TLAC non-capital bond 02B(BC)	RMB	Chinese Mainland	1.93	26,000	2025/11/12	4 years	25,998	26,000
			Average DR007 of past 60 trading days+46bps	4,000	2025/11/12	4 years	4,000	4,000
26 Bocomm TLAC non-capital bond 01BC	RMB	Chinese Mainland	1.75	50,000	2026/05/13	4 years	49,998	–
23 Hong Kong medium-term notes 04	USD	Hong Kong, China	SOFR+0.65	60	2023/06/29	3 years	–	422
23 Hong Kong medium-term notes 05	USD	Hong Kong, China	SOFR+0.65	20	2023/06/29	3 years	–	141
23 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.65	50	2023/06/29	3 years	–	351
23 Hong Kong medium-term notes 07	USD	Hong Kong, China	SOFR+0.65	40	2023/06/29	3 years	–	281
23 Hong Kong medium-term notes 08	USD	Hong Kong, China	SOFR+0.65	15	2023/06/29	3 years	–	105
23 Hong Kong medium-term notes 12	USD	Hong Kong, China	SOFR+0.60	475	2023/08/30	3 years	3,236	3,340
24 Hong Kong medium-term notes 02	USD	Hong Kong, China	SOFR+0.55	550	2024/08/01	3 years	3,746	3,867
24 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.00	100	2024/08/20	3 years	677	705
24 Hong Kong medium-term notes 04	USD	Hong Kong, China	4.10	102	2024/08/28	3 years	692	720
24 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.57	300	2024/12/11	3 years	2,043	2,109
25 Hong Kong medium-term notes 01	USD	Hong Kong, China	SOFR+0.55	300	2025/01/17	3 years	2,043	2,109
BOCOM F 05/11/2026	USD	Hong Kong, China	SOFR+0.2	400	2025/05/02	364 days	–	2,810
BOCOM F 06/25/2027	USD	Hong Kong, China	SOFR+0.3	400	2025/06/27	2 years	2,716	2,799
BOCOM 3.21 05/10/2028	HKD	Hong Kong, China	3.21	800	2025/05/02	1094 days	692	730
Subtotal							393,821	408,453

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

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29 DEBT SECURITIES ISSUED *(continued)*(1) Bonds *(continued)*

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
Subsidiaries								
23 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.80	3,000	2023/11/09	3 years	2,999	2,998
23 Bocomm Leasing 01	RMB	Chinese Mainland	2.88	3,000	2023/12/08	3 years	2,999	2,998
24 Bocomm Leasing 01	RMB	Chinese Mainland	2.59	3,000	2024/02/01	3 years	2,998	2,997
24 Bocomm Leasing 02	RMB	Chinese Mainland	2.24	2,000	2024/05/16	3 years	1,999	1,998
24 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.10	1,500	2024/06/18	3 years	1,469	1,468
24 Bocomm Leasing Green Bond 02BC	RMB	Chinese Mainland	1.95	1,500	2024/09/23	3 years	1,499	1,498
25 Bocomm Leasing Green Bond 01BC	RMB	Chinese Mainland	1.70	3,500	2025/06/16	3 years	3,146	3,148
23 CNY medium-term notes 01	RMB	Hong Kong, China	3.00	760	2023/07/26	3 years	760	759
23 CNY medium-term notes 03	RMB	Hong Kong, China	3.30	700	2023/10/20	3 years	700	699
23 CNY medium-term notes 04	RMB	Hong Kong, China	3.50	400	2023/11/20	3 years	400	400
23 CNY medium-term notes 05	RMB	Hong Kong, China	3.35	300	2023/12/01	3 years	300	300
24 CNY medium-term notes 01	RMB	Hong Kong, China	3.00	360	2024/03/14	3 years	360	360
24 CNY medium-term notes 02	RMB	Hong Kong, China	3.05	300	2024/07/24	3 years	300	300
Yulan notes (MTN)	RMB	Hong Kong, China	2.02	1,000	2025/10/24	3 years	800	800
BCLMHK 1.88 06/02/2031	RMB	Hong Kong, China	1.88	1,600	2026/05/26	5 years	1,350	–
Azure Nova	USD	Hong Kong, China	4.25	250	2017/03/21	10 years	1,702	1,756
10 Year USD bond	USD	Hong Kong, China	4.00	250	2018/01/25	10 years	1,699	1,752
21 Bocomm International 01	USD	Hong Kong, China	1.75	500	2021/06/22	5 years	–	3,240
23 USD medium-term notes 10	USD	Hong Kong, China	SOFR+1.00	240	2023/12/20	3 years	681	700
24 USD medium-term notes 01	USD	Hong Kong, China	SOFR+0.92	150	2024/02/26	3 years	354	368
24 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.92	135	2024/03/04	3 years	851	878
24 USD medium-term notes 03	USD	Hong Kong, China	5.20	30	2024/05/17	3 years	204	211
24 USD medium-term notes 04	USD	Hong Kong, China	SOFR+0.75	100	2024/05/28	3 years	681	703
24 USD medium-term notes 05	USD	Hong Kong, China	5.00	300	2024/06/26	3 years	1,745	1,797
24 USD medium-term notes 06	USD	Hong Kong, China	SOFR+0.68	650	2024/06/26	3 years	3,538	3,656
24 USD medium-term notes 08	USD	Hong Kong, China	SOFR+0.75	400	2024/08/23	3 years	2,007	2,070
24 USD medium-term notes 09	USD	Hong Kong, China	4.50	250	2024/08/23	3 years	1,183	1,218
25 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.67	500	2025/03/07	3 years	2,726	2,813
25 USD medium-term notes 03	USD	Hong Kong, China	SOFR+0.77	500	2025/03/07	5 years	2,425	2,502
BCLMHK F 06/02/2029	USD	Hong Kong, China	SOFR+0.48	750	2026/05/26	3 years	4,459	–
24 HKD medium-term notes 01	HKD	Hong Kong, China	4.60	368	2024/05/29	3 years	320	332
24 HKD medium-term notes 03	HKD	Hong Kong, China	4.15	450	2024/07/29	3 years	391	406
25 HKD medium-term notes 01	HKD	Hong Kong, China	4.25	200	2025/02/24	3 years	174	181
BOCOM International Holdings 23 Oct 2026	HKD	Hong Kong, China	3.00	100	2026/06/15	122 days	86	–
22 Brazil bonds 01	BRL	Brazil	CDI+2.60	270	2022/02/07	10 years	365	354
22 Brazil bonds 02	BRL	Brazil	CDI+2.40	200	2022/11/29	10 years	271	263
Subtotal							47,941	45,923
Total							441,762	454,376

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For the six months ended 30 June 2026

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

29 DEBT SECURITIES ISSUED (continued)

(1) Bonds (continued)

Detailed information of bonds held at fair value is as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Fair value at the end of the period	Fair value at the beginning of the period
The Bank								
24 Hong Kong medium-term notes 01	RMB	Hong Kong, China	2.83	800	2024/08/01	3 years	823	826
24 Hong Kong medium-term notes 07	RMB	Hong Kong, China	2.38	3,600	2024/12/11	2 years	3,631	3,643
25 Hong Kong medium-term notes 02	RMB	Hong Kong, China	1.85	200	2025/08/08	3 years	204	202
23 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.875	600	2023/02/28	3 years	–	4,294
23 Hong Kong medium-term notes 09	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	341	356
23 Hong Kong medium-term notes 10	USD	Hong Kong, China	4.50	40	2023/06/26	5 years	273	285
23 Hong Kong medium-term notes 11	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	341	356
23 Hong Kong medium-term notes 13	USD	Hong Kong, China	SOFR+0.60	25	2023/08/30	3 years	171	177
24 Hong Kong medium-term notes 05	HKD	Hong Kong, China	4.08	2,700	2024/08/01	2 years	2,389	2,499
Total							8,173	12,638

(2) Tier 2 capital bonds

Detailed information of Tier 2 capital bonds is disclosed as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Note	Ending balance	Opening balance
The Bank									
19 BoComm 02	RMB	Chinese Mainland	4.49	10,000	2019/08/14	15 years	(a)	9,998	9,997
21 BoComm	RMB	Chinese Mainland	3.65	30,000	2021/09/23	10 years	(b)	29,996	29,995
22 BoComm 01	RMB	Chinese Mainland	3.45	30,000	2022/02/23	10 years	(c)	29,995	29,996
22 BoComm 02A	RMB	Chinese Mainland	3.03	37,000	2022/11/11	10 years	(d)	36,996	36,996
22 BoComm 02B	RMB	Chinese Mainland	3.36	13,000	2022/11/11	15 years	(e)	12,998	12,999
23 BoComm 01A	RMB	Chinese Mainland	3.30	15,000	2023/11/15	10 years	(f)	14,998	14,999
23 BoComm 01B	RMB	Chinese Mainland	3.40	15,000	2023/11/15	15 years	(g)	14,997	14,999
24 BoComm 01A	RMB	Chinese Mainland	2.45	15,000	2024/04/26	10 years	(h)	14,999	14,999
24 BoComm 01B	RMB	Chinese Mainland	2.60	11,000	2024/04/26	15 years	(i)	10,999	10,999
24 BoComm 02A	RMB	Chinese Mainland	2.18	20,000	2024/07/24	10 years	(j)	19,999	19,998
24 BoComm 02B	RMB	Chinese Mainland	2.37	10,000	2024/07/24	15 years	(k)	9,999	9,999
26 BoComm 01BC	RMB	Chinese Mainland	1.97	40,000	2026/04/23	10 years	(l)	39,997	–
Subtotal								245,971	205,976
Subsidiaries									
21 BoComm Hong Kong	USD	Hong Kong, China	2.304	1,000	2021/07/08	10 years	(m)	6,812	7,031
Subtotal								6,812	7,031
Total								252,783	213,007

- (a) The Group has an option to redeem 19 BoComm 02 at the par value partially or as a whole on 16 August 2029, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.

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29 DEBT SECURITIES ISSUED *(continued)*(2) Tier 2 capital bonds *(Continued)*

- (b) The Group has an option to redeem 21 BoComm at the par value partially or as a whole on 27 September 2026, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (c) The Group has an option to redeem 22 BoComm 01 at the par value partially or as a whole on 25 February 2027, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (d) The Group has an option to redeem 22 BoComm 02A at the par value partially or as a whole on 15 November 2027, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (e) The Group has an option to redeem 22 BoComm 02B at the par value partially or as a whole on 15 November 2032, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (f) The Group has an option to redeem 23 BoComm 01A at the par value partially or as a whole on 17 November 2028, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (g) The Group has an option to redeem 23 BoComm 01B at the par value partially or as a whole on 17 November 2033, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (h) The Group has an option to redeem 24 BoComm 01A at the par value partially or as a whole on 29 April 2029, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (i) The Group has an option to redeem 24 BoComm 01B at the par value partially or as a whole on 29 April 2034, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (j) The Group has an option to redeem 24 BoComm 02A at the par value partially or as a whole on 26 July 2029, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (k) The Group has an option to redeem 24 BoComm 02B at the par value partially or as a whole on 26 July 2034, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (l) The Group has an option to redeem 26 BoComm 01BC at the par value partially or as a whole on 27 April 2031, the last day of the interest-bearing year with early redemption option embedded, provided that the NFRA's recognition is acquired and the Group fulfills the redemption requirements as agreed in the offering documents.
- (m) The Group has an option to redeem 21 BoComm Hong Kong as a whole on 8 July 2026. If the issuer does not exercise the redemption right by 8 July 2026, the interest rate will be readjusted based on the 5-year U.S. Treasury rate plus 140 basis points initial rate differential.

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

For the six months ended 30 June 2026

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

29 DEBT SECURITIES ISSUED *(continued)***(2) Tier 2 capital bonds** *(Continued)*

These tier-2 capital bonds have the write-down feature, which allows the Group to write down the partial or entire principals of the bonds when regulatory triggering events as stipulated in the offering documents occur and any accumulated unpaid interest would become not payable. These bonds are regarded as tier-2 capital without any guarantees provided and the proceeds of the debts cannot be used for compensating daily operating loss of the Group.

(3) Subordinated bonds

Detailed information of subordinated bonds is disclosed as follows:

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Note	Ending balance	Opening balance
Subsidiary									
21 Insurance 01	RMB	Chinese Mainland	4.30	3,000	2021/03/25	10 years	(a)	–	3,000
21 Insurance 02	RMB	Chinese Mainland	3.93	1,800	2021/07/27	10 years	(b)	1,800	1,800
Total								1,800	4,800

(a) BOCOM MSIG Life Insurance Co., Ltd. had exercised the redemption right and redeemed 21 Insurance 01 at the par value as a whole on 29 March 2026.

(b) BOCOM MSIG Life Insurance Company Limited has an option to redeem the bonds at the par value partially or as a whole on the last day of the fifth interest-bearing year, provided that the permission of PBOC and NFRA is acquired in advance and the BOCOM MSIG Life Insurance Company Limited's solvency ratio is not less than 100% if the redemption is exercised.

(4) As at 30 June 2026, the Group has not had any defaults in respect of payments of principal or interest or other breaches with respect to the debt securities issued.

30 OTHER LIABILITIES

	Note	As at 30 June 2026	As at 31 December 2025
Insurance contract liabilities		157,957	148,235
Clearing and settlement		64,158	52,169
Dividends payable		15,298	9,974
Staff compensation payable		13,641	21,247
Impairment allowance of credit related commitments and financial guarantees	(1)	10,947	10,228
VAT and other taxes payable		6,955	5,942
Lease liabilities		6,181	6,256
Deposits received for finance lease		5,895	5,581
Special purpose funding		1,235	1,369
Provision for outstanding litigations	(2)	214	296
Others		49,072	32,370
Total		331,553	293,667

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

For the six months ended 30 June 2026

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

30 OTHER LIABILITIES *(Continued)*

(1) Movements in the expected credit impairment allowance of credit related commitments and financial guarantees

	For the six months ended 30 June 2026			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2026	9,296	907	25	10,228
Transfers:				
Transfer to Stage 1	39	(39)	–	–
Transfer to Stage 2	(39)	39	–	–
Transfer to Stage 3	–	(2)	2	–
Provision/(reversal)	663	83	15	761
Others	(11)	(20)	(11)	(42)
As at 30 June 2026	9,948	968	31	10,947

	For the year ended 31 December 2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
As at 1 January 2025	8,884	708	296	9,888
Transfers:				
Transfer to Stage 1	127	(127)	–	–
Transfer to Stage 2	(101)	101	–	–
Transfer to Stage 3	–	–	–	–
Provision/(reversal)	396	307	30	733
Others	(10)	(82)	(301)	(393)
As at 31 December 2025	9,296	907	25	10,228

(2) Movements in the provision for outstanding litigations

	As at 1 January 2026	Accrued/ (reversed) during the period	Settled during the period	As at 30 June 2026
Provision for outstanding litigations	296	(82)	–	214

	As at 1 January 2025	Accrued/ (reversed) during the year	Settled during the year	As at 31 December 2025
Provision for outstanding litigations	407	(98)	(13)	296

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

For the six months ended 30 June 2026

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

31 SHARE CAPITAL AND CAPITAL SURPLUS

	Number of shares (in millions)	Ordinary shares of RMB1 each	Capital surplus
As at 1 January 2026	88,364	88,364	215,762
As at 30 June 2026	88,364	88,364	215,717

	Number of shares (in millions)	Ordinary shares of RMB1 each	Capital surplus
As at 1 January 2025	74,263	74,263	111,420
As at 31 December 2025	88,364	88,364	215,762

As at 30 June 2026 and 31 December 2025, the number of A shares of the Group was 53,352 million and the number of H shares of the Group was 35,012 million, all with par value of RMB1 per share.

As at 30 June 2026 and 31 December 2025, the Group's capital surplus is listed as follows:

	As at 1 January 2026	Additions	Reductions	As at 30 June 2026
Share premium	215,144	24	–	215,168
Other capital reserve	618	–	(69)	549
Total	215,762	24	(69)	215,717

	As at 1 January 2025	Additions	Reductions	As at 31 December 2025
Share premium	110,762	104,382	–	215,144
Other capital reserve	658	–	(40)	618
Total	111,420	104,382	(40)	215,762

Having been approved on the 22th Meeting of the 10th Session of the Board of Directors of the Bank, 2025 Second Extraordinary General Meeting, 2025 First A Shareholders Class Meeting and 2025 First H Shareholders Class Meeting of the Bank, and obtained Jin Fu [2025] No. 272, <Approval on the Plan of Bank of Communications Co., Ltd to Issue A-shares to Specific Targets and Change Equity> from the NFRA, Zheng Jian Xu Ke [2025] No. 1081, <Approval on Bank of Communications Co., Ltd on Issuance of A Shares to Specific Targets> from the China Securities Regulatory Commission, the Bank has made issuance of A shares to specific targets in June 2025.

On 13 June 2025, the Bank issued 14,101 million A shares with nominal value of RMB1 per share at issuing price of RMB8.51 per share. The net proceed from the fund-raising was RMB119,940 million, net with issuance costs of which RMB14,101 million was recorded in “Share Capital” and RMB105,839 million was recorded in “Capital Surplus”. KPMG Huazhen LLP had verified the aforementioned capital injection and issued the capital verification report (KPMG Huazhen Yan Zi No.2500411).

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

For the six months ended 30 June 2026

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

32 OTHER EQUITY INSTRUMENTS

(1) Preference shares

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

	Issue date	Accounting classification	Original dividend rate %	Issue price	Amount in shares	In original currency (in millions)	In RMB (in millions)	Maturity	Conversion condition	Conversion
Domestic preference shares										
Preference shares in RMB	2 September 2016	Equity	4.07	RMB 100/share	450,000,000	45,000	45,000	No maturity date	Mandatory	No conversion during the period
Less: Issuance fees							(48)			
Carrying amount							44,952			

(b) Movements of preference shares issued

	As at 1 January 2026	Additions	Decreases	As at 30 June 2026
Domestic preferences shares				
Amount (shares)	450,000,000	–	–	450,000,000
In RMB (millions)	44,952	–	–	44,952

(c) Main clauses

Domestic preference shares

(i) Dividend

The domestic preference shares will accrue dividends on their issue price at the relevant dividend rate below:

- From and including the issue date to but excluding the first reset date, at the rate of 3.90% per annum; and
- The dividend rate will be re-priced every five years thereafter with reference to the arithmetic average value (rounding off to 0.01%) of five-year Chinese treasury bonds yield at the date which is 20 transaction days before the reset date (excluding the date) plus a fixed premium of 1.37%. As authorised by the shareholders' annual general meeting, the Board of Directors has the sole discretion to declare and distribute dividends on domestic preference shares.

With effect from 7 September 2021, the Bank has adjusted the dividend rate for the second dividend rate adjustment period to 4.07%.

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

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(1) Preference shares** *(Continued)***(c) Main clauses** *(Continued)**Domestic preference shares (Continued)**(i) Dividend (Continued)*

The dividend for domestic preference shares is non-cumulative. Where the Bank determines to cancel the dividend for domestic preference shares in whole or in part, the omitted dividend will not be carried forward and claimed in the future period. After receiving dividends at the agreed dividend rate, domestic preference shareholders of the Bank will not participate in the distribution of residual profits with ordinary shareholders. Domestic preference shares issued by the Bank have the same dividend distribution order as the offshore preference shares.

(ii) Conditions to distribution of dividends

The Bank could pay dividends while the Bank still has distributable after-tax profit after making up previous years' losses, contributing to the statutory reserve and making general provisions, and the Bank's capital adequacy ratio meets regulatory requirements. Domestic preference shareholders of the Bank are senior to the ordinary shareholders on the right to dividends.

Subject to a resolution to be passed at a shareholders' general meeting of the Bank on each such occasion, the Bank may elect to cancel (in whole or in part) any preference share dividend. The Bank shall not distribute any dividends to its ordinary shareholders before it declares such dividends to preference shareholders for the relevant periods.

(iii) Mandatory conversion trigger events

Upon occurrence of the triggering events as stipulated by the offering documents and subject to regulatory approval, domestic preference shares shall be mandatorily converted into ordinary A Shares of the Bank, partially or entirely. The initial mandatory conversion price is RMB6.25 per share. To balance the interest between preference shareholders and ordinary shareholders, the mandatory conversion price of the preference shares will be cumulatively adjusted in sequence where certain events occur including issuances of bonus shares, capitalisation of reserves, new issuances of ordinary shares at a price lower than the market price (excluding equity increased due to exercise of convertible financing instruments that can be converted into ordinary shares) and rights issues, subject to terms and formulas provided for in the offering documents. Appropriation of dividends to ordinary shareholders is not trigger event for price adjustment.

(iv) Order of distribution and liquidation method

On winding-up of the Bank, distribution to domestic preference shareholders is made after all debts of the Bank (including subordinated debts) and obligations that are issued or guaranteed by the Bank and specifically stated to be distributed prior to the domestic preference shares; all domestic preference shareholders are ranked at the same in the distribution sequence without priority among them and have the same repayment sequence rights as holders of obligations with equivalent rights. In addition, distribution is made to domestic preference shareholders prior to ordinary shareholders.

On winding-up of the Bank, any remaining assets of the Bank shall, after the distributions in accordance with the terms and conditions of the domestic preference shares have been made, be applied to the claims of the domestic preference shareholders equally in all respects with the claims of holders of any parity obligations (which term, for the avoidance of doubt, includes the domestic preference shares and any other preference shares of the Bank issued from time to time to investors outside the PRC) and in priority to the claims of the holders of ordinary shares.

The distribution amount obtained by the domestic preference shareholders shall be the total par value of the issued and outstanding preference shares plus dividends declared but not paid in the current period; if the distribution amount is insufficient, domestic and offshore preference shareholders will share the distribution amount on a proportional basis.

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

For the six months ended 30 June 2026

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32 OTHER EQUITY INSTRUMENTS (Continued)

(1) Preference shares (Continued)

(c) Main clauses (Continued)

Domestic preference shares (Continued)

(v) Redemption

The domestic preference shares are perpetual and have no maturity date. The Bank may, subject to obtaining the regulatory approval and in compliance with the redemption preconditions, redeem all or some of the domestic preference shares on 7 September 2021 and on any preference share dividend payment date thereafter. The redemption period ends at the date when shares are fully converted or redeemed.

(2) Perpetual bonds

(a) Perpetual bonds outstanding at the end of the period

	Issue date	Accounting classification	Original interest rate %	Issue price	Amount in shares	In original currency (in millions)	In RMB (in millions)	Maturity
24 BoComm perpetual bonds 01BC (c) (ii)	26 Aug 2024	Equity	2.30	RMB100/bond	400,000,000	40,000	40,000	No fixed maturity date
26 BoComm perpetual bonds 01BC (c) (ii)	21 May 2026	Equity	1.94	RMB100/bond	400,000,000	40,000	40,000	No fixed maturity date
Total							80,000	

(b) Movements of perpetual bonds issued

	As at 1 January 2026		Movements		As at 30 June 2026	
	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)
21 BoComm perpetual bonds (c) (i)	415,000,000	41,500	(415,000,000)	(41,500)	–	–
24 BoComm perpetual bonds 01BC (c) (ii)	400,000,000	40,000	–	–	400,000,000	40,000
26 BoComm perpetual bonds 01BC (c) (ii)	–	–	400,000,000	40,000	400,000,000	40,000
Total		81,500		(1,500)		80,000

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

32 OTHER EQUITY INSTRUMENTS *(Continued)***(2) Perpetual bonds** *(Continued)***(c) Main clauses**

- (i) With the approvals by relevant regulatory authorities, the Bank exercised the right of redemption on 10 June 2026, fully redeeming 2021 perpetual capital bonds, with a face value of RMB41.5 billion.
- (ii) With the approvals by relevant regulatory authorities, the Bank issued RMB40 billion undated capital bonds in China's National Inter-Bank Bond Market on 26 August 2024, and the raising fund was received on 28 August 2024. The denomination of the Bonds is RMB100 each and coupon rate of 2.30%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

With the approvals by relevant regulatory authorities, the Bank issued RMB40 billion undated capital bonds in China's National Inter-Bank Bond Market on 21 May 2026, and the raising fund was received on 25 May 2026. The denomination of the Bonds is RMB100 each and coupon rate of 1.94%. The Bonds adopt a coupon rate adjusted on a stage-by-stage basis and a coupon rate adjustment period for every five years during which interests will be paid at the agreed coupon rate.

The perpetual bonds will continue to be outstanding so long as the Bank's business continues to operate. The bonds have set forth terms regarding the Bank's redemption with pre-conditions. Subject to the satisfaction of the redemption conditions and having acquired the regulatory recognition, the Bank is entitled to redeem the bonds after five years since the issue date in whole or in part on the annual interest payment date (including the interest payment date of the fifth year after the issue date). If, after the issuance, the perpetual bonds no longer qualify as additional tier-1 capital as a result of an unforeseeable change or amendment to relevant provisions of supervisory regulations, the Bank may redeem the whole but not part of the perpetual bonds.

The claims in respect of the perpetual bonds are subordinated to the claims of depositors, general creditors, and subordinated indebtedness that rank senior to the perpetual bonds; and will rank in priority to all classes of equity shares held by the Bank's shareholders and rank pari passu with the claims in respect of any other additional tier-1 capital instruments of the Bank that rank pari passu with the perpetual bonds.

Upon the occurrence of a Non-Viability Triggering Event, the Bank has the right to write-down/write-off in whole or in part, without the need for the consent of the holders of the bonds, the principal amount of the bonds.

The distributions on the perpetual bonds are non-cumulative, and the Bank shall have the right to cancel, in whole or in part, distributions on the bonds and any such cancellation shall not constitute an event of default. The Bank may, at its sole discretion, use the proceeds from the cancelled distributions to meet other obligations as they fall due. Cancellation of any distributions on the bonds, no matter in whole or in part, will not impose any other restriction on the Bank, except in relation to dividend distributions to ordinary shares.

Investors have no right to redeem their subscription from the Bank. The net proceeds from the Bank's issuance of the above bonds, after deducting offering related expenses, will be used to replenish the additional tier-1 capital of the Bank.

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

For the six months ended 30 June 2026

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

32 OTHER EQUITY INSTRUMENTS *(Continued)*

(3) Interests attributable to holders of other equity instruments

	As at 30 June 2026	As at 31 December 2025
Total equity attributable to equity holders of the parent company	1,292,792	1,269,232
– Equity attributable to ordinary shareholders of the parent company	1,167,840	1,142,782
– Equity attributable to preference shareholders of the parent company	44,952	44,952
– Equity attributable to perpetual bond holders of the parent company	80,000	81,498
Total equity attributable to non-controlling interests	11,140	11,050
– Equity attributable to ordinary shares of non-controlling interests	8,440	8,350
– Equity attributable to other equity instruments of non-controlling interests (Note 35)	2,700	2,700

Dividends paid to preference shareholders and interest paid to perpetual bond holders for the six months ended 30 June 2026 are disclosed in Note 34.

33 OTHER RESERVES AND RETAINED EARNINGS

Pursuant to the relevant PRC regulations, the appropriation of profits to the statutory general reserve, the discretionary reserve and the distribution of dividends in each year are based on the recommendations of the directors and are subject to the resolutions to be passed at the General Meeting of Shareholders.

Pursuant to relevant PRC regulations, the Bank appropriated 10% of its net profit for the year under CAS to the statutory surplus reserve until the reserve balance reaches 50% of the Bank's registered capital. The statutory surplus reserve can be used to compensate losses or to increase share capital upon approval. The Bank's subsidiaries, if required by local regulation requirements, also need to make such reserve.

	As at 1 January 2026	Addition	Decrease	As at 30 June 2026
Statutory reserve	114,654	8,222	–	122,876
Discretionary reserve	140,891	–	–	140,891
Total	255,545	8,222	–	263,767

Pursuant to relevant PRC banking regulations, since 1 July 2012, the Bank made statutory general reserve from net profit through profit appropriation according to Administrative Measures for the Provisioning of Financial Enterprises (Cai Jin [2012] No. 20). The proportion is determined based on several factors including the Bank's overall exposure to risk, normally no lower than 1.5% of the ending balance of risk assets. The statutory general reserve is an integral part of shareholders' equity but not subject to dividend distribution. The Bank's subsidiaries and overseas branches, if required by local regulation requirements, also need to make such general reserve.

	As at 1 January 2026	Addition	Decrease	As at 30 June 2026
Statutory general reserve	187,601	11,622	–	199,223

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

For the six months ended 30 June 2026

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

33 OTHER RESERVES AND RETAINED EARNINGS *(Continued)***Retained earnings**

The movements of retained earnings are set out below:

As at 1 January 2026	385,572
Profit for the period attributable to shareholders of the parent company	47,874
Appropriation to statutory reserve	(8,222)
Appropriation to statutory general reserve	(11,622)
Dividends payable to ordinary shareholders	(14,880)
Interest to perpetual bond holders	(1,685)
Others	12
As at 30 June 2026	397,049
As at 1 January 2025	348,265
Profit for the year attributable to shareholders of the parent company	95,622
Appropriation to statutory reserve	(8,640)
Appropriation to discretionary reserve	(346)
Appropriation to statutory general reserve	(14,425)
Dividends payable to ordinary shareholders	(28,441)
Dividends payable to preference shareholders	(1,832)
Interest to perpetual bond holders	(4,870)
Others	239
As at 31 December 2025	385,572

(1) Distributable profits

The Bank's distributable profit is based on its retained profits as determined under PRC and IFRS Accounting Standards, whichever is lower. The amount that the Group's subsidiaries can legally distribute is determined by referring to their profits as reflected in their financial statements prepared in accordance with the accounting regulations and principles promulgated by the local regulatory bodies. These profits may differ from those dealt with in these financial statements, which are prepared in accordance with IFRS Accounting Standards.

34 DIVIDENDS

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

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

- (1) Making up cumulative losses from prior years, if any;
- (2) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank as determined under the relevant PRC accounting standards;
- (3) Allocations to statutory general reserve;
- (4) Allocations to the discretionary reserve upon approval by the Annual General Meeting of Shareholders. These funds form part of the shareholders' equity. The cash dividends are recognised in the consolidated statement of financial position upon approval by the shareholders at Annual General Meeting.

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

For the six months ended 30 June 2026

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

34 DIVIDENDS *(Continued)*

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

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

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

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

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

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

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

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

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

35 NON-CONTROLLING INTERESTS

Non-controlling interests of the Group include equity attributable to non-controlling interests of ordinary shares and equity attributable to non-controlling interests of other equity instruments. As at 30 June 2026, equity attributable to other equity instruments holders was RMB2,700 million. Other equity instruments were perpetual capital bonds issued by BOCOM MSIG Life Insurance Company Limited on 21 February 2025.

Issue Date	21 February 2025
Face Value	RMB2,700 million
Distribution Rate	2.20%
Frequency of distribution payments	Annually

When, after exercising the right of redemption, the issuer's comprehensive solvency adequacy ratio is not less than 100%, and upon filing with the PBOC and the NFRA, the issuer shall have the right to redeem all or part of the Bonds at par value on each interest payment date (including the interest payment date of the 5th year after the issuance date) starting from the 5th year after the issuance date. Therefore, the Group recognised the bonds as equity instruments.

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

For the six months ended 30 June 2026

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

36 CONTINGENCIES

Legal proceedings

The Group has been involved as defendants in certain lawsuits arising from its normal business operations. Management of the Group believes, based on legal advice, the final result of these lawsuits will not have a material impact on the financial position or operations of the Group. Provision for litigation losses as advised by in-house or external legal professionals is disclosed in Note 30. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the period/year are summarised as follows:

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

Future receivables from operating leases

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

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

37 COMMITMENTS

Credit related commitments and financial guarantees

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

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

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

For the six months ended 30 June 2026

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

37 COMMITMENTS *(Continued)*Credit related commitments and financial guarantees *(Continued)*

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

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

Capital expenditure commitments

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

Commitments on security underwriting and bond acceptance

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

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

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

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

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

38 COLLATERALS**(1) Assets pledged**

The Group uses part of its assets as collaterals for interbank repurchase arrangements and other liabilities-related business. The carrying amount of these collaterals are listed below:

	As at 30 June 2026	As at 31 December 2025
Investment securities	922,684	844,875
Bills	32,177	18,136
Total	954,861	863,011

Financial assets sold under repurchase agreements included certain transactions under which the title of the pledged securities has been transferred to counterparties. These transactions have been disclosed in Note 43 transfers of financial assets.

In addition, part of due from and placements with banks and other financial institutions and loans and advances to customers pledged as collateral for borrowing from central banks or placements from banks by the Group as at 30 June 2026 amounted to RMB42,464 million in total (31 December 2025: RMB37,627 million).

(2) Collateral accepted

The Group conducted repurchase agreement transactions on general commercial terms and received corresponding collateral under the transaction. The Group did not hold any collateral that can be resold or re-pledged on balance sheet date when non-defaulting.

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

For the six months ended 30 June 2026

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

39 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2026		
	Before tax amount	Tax effect	Net of tax amount
Other comprehensive income			
Changes in fair value of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	2,809	(1,228)	1,581
<i>Amount reclassified to profit or loss</i>	(2,165)	541	(1,624)
Expected credit losses of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	(28)	(17)	(45)
<i>Amount reclassified to profit or loss</i>	–	–	–
Effective portion of gains or losses on hedging instruments in cash flow hedges			
<i>Amount recognised in equity</i>	1,116	(270)	846
<i>Amount reclassified to profit or loss</i>	(912)	228	(684)
Translation difference on foreign operations	(5,209)	–	(5,209)
Changes in fair value of equity instruments designated at FVOCI	(742)	186	(556)
Changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL	(204)	–	(204)
Actuarial revaluation on pension benefits	(11)	–	(11)
Others	(943)	300	(643)
Other comprehensive income for the period	(6,289)	(260)	(6,549)

	Six months ended 30 June 2025		
	Before tax amount	Tax effect	Net of tax amount
Other comprehensive income			
Changes in fair value of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	1,007	(426)	581
<i>Amount reclassified to profit or loss</i>	(1,756)	439	(1,317)
Expected credit losses of debt instruments measured at FVOCI			
<i>Amount recognised in equity</i>	866	(245)	621
<i>Amount reclassified to profit or loss</i>	–	–	–
Effective portion of gains or losses on hedging instruments in cash flow hedges			
<i>Amount recognised in equity</i>	(1,558)	475	(1,083)
<i>Amount reclassified to profit or loss</i>	1,700	(425)	1,275
Translation difference on foreign operations	(97)	–	(97)
Changes in fair value of equity instruments designated at FVOCI	1,532	(352)	1,180
Changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL	331	–	331
Actuarial revaluation on pension benefits	(5)	–	(5)
Others	(2,021)	716	(1,305)
Other comprehensive income for the period	(1)	182	181

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

For the six months ended 30 June 2026

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40 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of the balance of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than or equal to 90 days from date of purchase and used for the purpose of meeting short-term cash commitments:

	As at 30 June 2026	As at 30 June 2025
Cash and balances with central banks	70,763	127,218
Due from and placements with banks and other financial institutions	79,794	87,014
Total	150,557	214,232

41 CONSOLIDATED STRUCTURED ENTITIES

Structured entities consolidated by the Group include certain trust investment plans, asset management plans, funds, and securitisation products issued, managed and invested by the Group. The Group controls these entities because the Group has power over, is exposed to, or has right to variable returns from its involvement with these entities and has the ability to use its power over these entities to affect the amount of the Group's returns.

42 UNCONSOLIDATED STRUCTURED ENTITIES

The Group has been involved in other structured entities through acting as sponsors of structured entities or investments in structured entities that provide specialised investment opportunities to investors. These structured entities generally finance the purchase of assets by issuing units of the products. The Group does not control these structured entities and therefore, these structured entities are not consolidated.

As at 30 June 2026, those unconsolidated structured entities set up and sponsored by the Group consist primarily of trust investment plans, asset management plans, funds, wealth management products, and securitization products. The Group earns commission income by providing management services to the investors of these structured entities. For the six months ended 30 June 2026, the Group's commission income from providing services to the structured entities managed by the Group was RMB4,044 million (For the six months ended 30 June 2025: RMB4,121 million).

As at 30 June 2026, the balance of the wealth management products set up and sponsored by the Group amounted to RMB1,746,168 million (As at 31 December 2025: RMB1,748,908 million), the balance of funds issued by the Group amounted to RMB564,887 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB930,667 million (As at 31 December 2025: the balance of funds issued by the Group amounted to RMB515,286 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB595,880 million).

For the six months ended 30 June 2026, no interest income from placements and repurchase transactions with those unconsolidated wealth management products (For the six months ended 30 June 2025: Nil).

The Group is also involved in certain structured entities sponsored by the Group or third parties through direct investments. These investments are recognised as financial investments at fair value through profit or loss, financial investments at fair value through other comprehensive income, and financial investments at amortised cost.

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

For the six months ended 30 June 2026

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42 UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

As at 30 June 2026 and 31 December 2025, the carrying amount of interests in unconsolidated structured entities held by the Group through investment was set out as follows:

As at 30 June 2026

	Carrying amount			Maximum exposure to loss	Type of income
	Financial investments at FVTPL	Financial investments at amortised cost	Financial investments at FVOCI		
Funds	215,636	–	318	215,954	Net gains/(losses) arising from trading activities
Trusts and asset management products	12,208	5,557	1,505	19,270	Interest income, net gains/(losses) arising from trading activities
Securitisation products	329	192	947	1,468	Interest income, net gains/(losses) arising from trading activities
Total	228,173	5,749	2,770	236,692	

As at 31 December 2025

	Carrying amount			Maximum exposure to loss	Type of income
	Financial investments at FVTPL	Financial investments at amortised cost	Financial investments at FVOCI		
Funds	174,379	–	318	174,697	Net gains/(losses) arising from trading activities
Trusts and asset management products	9,541	10,528	1,801	21,870	Interest income, net gains/(losses) arising from trading activities
Securitisation products	362	161	945	1,468	Interest income, net gains/(losses) arising from trading activities
Total	184,282	10,689	3,064	198,035	

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

For the six months ended 30 June 2026

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

43 TRANSFERS OF FINANCIAL ASSETS

The Group enters into transactions by which it transfers recognised financial assets to third parties or structured entities. In some cases, 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 continues to recognise the transferred assets.

(1) Financial assets sold under repurchase agreements

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities, which the Group does not have the ability to use during the term of the arrangements, are not derecognised from the financial statements but regarded as “collateral” for the secured lending. In addition, the Group recognises a financial liability for cash received.

As at 30 June 2026 and 31 December 2025, the Group entered into repurchase agreements with certain counterparties. The proceeds from selling such securities are presented as “financial assets sold under repurchase agreements” (Note 25).

The following table provides a summary of carrying amounts related to the transferred financial assets that are not derecognised and the associated liabilities:

	Collaterals		Associated liabilities	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
	2026	2025	2026	2025
Investment securities	164,318	274,295	153,951	260,057

(2) Securities lending transactions

Under securities lending agreements, the counterparties are allowed to sell or repledge those securities lent under agreements to repurchase 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. As at 30 June 2026, the face value of debt securities lent to counterparties was RMB18,370 million (31 December 2025: RMB12,901 million).

(3) Asset securitization

In the course of asset securitisation activities, the Group securitises financial assets, generally through the sale of these assets to structured entities which then issue securities to investors. The Group may hold subordinated tranches of credit asset-backed securities in these transactions, thereby potentially retaining a portion of the risks and rewards associated with those financial assets. The Group will analyze and determine whether to derecognize the relevant credit assets based on the extent to which risks and rewards are retained.

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

For the six months ended 30 June 2026

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

43 TRANSFERS OF FINANCIAL ASSETS (Continued)

(3) Asset securitization (Continued)

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, but retains control of those financial assets, the Group continues to recognise them on the consolidated statement of financial position to the extent of the Group's continuing involvement, while the rest are derecognised. The extent of the Group's continuing involvement is the extent of risk the Group faces due to changes in the value of the transferred assets. As at 30 June 2026, loans with an original value of RMB34,978 million (31 December 2025: RMB42,820 million) have been securitised by the Group, the carrying amount of assets that the Group continues to recognize on the consolidated statement of financial position was RMB3,356 million as at 30 June 2026 (31 December 2025: RMB4,540 million). At the same time, the Group recognized same amount of the continuing involvement assets and liabilities.

For the six months ended 30 June 2026, loans with an original value of RMB6,211 million (For the six months ended 30 June 2025: RMB4,292 million) have been derecognized by the Group through asset securitization. As at 30 June 2026, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB480 million (31 December 2025: RMB435 million), and its maximum exposure approximated to the carrying amount.

(4) Disposal of non-performing loans and advances to customers

For the six months ended 30 June 2026, the Group had transferred non-performing loans and advances to customers with a gross carrying amount of RMB3,328 million (For the six months ended 30 June 2025: RMB718 million). The Group derecognised the non-performing loans and advances to customers from the Group's financial statements at the time of disposal.

44 RELATED PARTY TRANSACTIONS

(1) Transactions with the MOF

As at 30 June 2026, the MOF held 30,943 million (As at 31 December 2025: 30,943 million) ordinary shares of Bank of Communications Co., Ltd. which represented 35.02% (31 December 2025: 35.02%) of the total share capital.

The MOF is a Chinese government ministry, primarily responsible for managing state fiscal revenue and expenditures, and establishing and enforcing taxation policies. The Group enters into banking transactions with the MOF under normal commercial terms and at market rates.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2026	As at 31 December 2025
Bonds issued by the MOF investment		
Financial investments at FVTPL	90,863	48,751
Financial investments at amortised cost	980,483	997,368
Financial investments at FVOCI	249,732	197,717
Deposits from customers	(41,612)	(22,906)
	Six months ended 30 June 2026	2025
Interest income	16,228	17,280
Interest expense	(185)	(168)

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

For the six months ended 30 June 2026

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

44 RELATED PARTY TRANSACTIONS *(Continued)*

(2) Transactions with the National Council for Social Security Fund

As at 30 June 2026, the National Council for Social Security Fund held 12,150 million (As at 31 December 2025: 12,149 million) ordinary shares of Bank of Communications Co., Ltd. which represented 13.75% (As at 31 December 2025: 13.75%) of the total share capital.

The Group enters into transactions with the National Council for Social Security Fund in the normal course of business and they mainly include deposits. The transactions are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2026	As at 31 December 2025
Deposits from customers	(93,571)	(93,109)
	Six months ended 30 June 2026	2025
Interest expenses	(1,235)	(1,160)

(3) Transactions with the Hongkong and Shanghai Banking Corporation Limited ("HSBC") Group and its joint ventures

As at 30 June 2026, HSBC held 14,136 million (As at 31 December 2025: 14,136 million) ordinary shares of the Bank of Communications Co., Ltd. which represented 16.00% (As at 31 December 2025: 16.00%) of the total share capital.

HSBC was incorporated in 1866, primarily providing local and international banking services, and related financial services in the Asia-Pacific region. Its registration is Hong Kong. Transactions between the Group and HSBC are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2026	As at 31 December 2025
On-balance sheet items		
Due from and placements with banks and other financial institutions	4,853	3,565
Derivative financial assets	2,719	2,799
Loans and advances to customers	364	433
Financial investments at FVTPL	1,203	1,289
Financial investments at amortised cost	1,095	1,183
Financial investments at FVOCI	6,305	5,983
Due to and placements from banks and other financial institutions	(28,516)	(14,047)
Derivative financial liabilities	(813)	(1,024)
Certificates of deposit issued	(340)	–
Debt securities issued	(13,249)	(17,930)
Off-balance sheet items		
Notional principal of derivative financial instruments	193,219	214,024
Credit related commitments and financial guarantees	323	336

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

For the six months ended 30 June 2026

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

44 RELATED PARTY TRANSACTIONS *(Continued)*(3) Transactions with the Hongkong and Shanghai Banking Corporation Limited ("HSBC") Group and its joint ventures *(Continued)*

	Six months ended 30 June	
	2026	2025
Interest income	226	287
Interest expense	(521)	(881)
Fee and commission income	39	46
Fee and commission expense	(11)	(19)

(4) Transactions with state-owned entities in PRC

Other than disclosed above, a significant portion of the Group's banking transactions are entered into with government authorities, agencies, affiliates, and other State controlled entities. These transactions are entered into under normal commercial terms and conditions and mainly include provision of credit and guarantee, deposits, foreign exchange transactions, derivative transactions, agency services, underwriting and distribution of bonds issued by government agencies, purchase, sales, and redemption of investment securities issued by government agencies.

Management considers that transactions with state-owned entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and these state-owned entities are ultimately controlled or owned by the government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are state-owned entities.

(5) Transactions with subsidiaries

Transactions between the Bank and its subsidiaries are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. These transactions are eliminated on consolidation. Basic information and relevant details of subsidiaries are set out in Note 20.

Details of transaction volumes and outstanding balances are summarised below:

The Bank	As at 30 June 2026	As at 31 December 2025
Due from and placements with banks and other financial institutions	124,094	144,625
Derivative financial assets	65	134
Loans and advances to customers	1,044	1,106
Financial investments at amortised cost	902	902
Financial investments at FVOCI	6,992	6,352
Other assets	7,603	8,236
Due to and placements from banks and other financial institutions	(9,977)	(12,357)
Derivative financial liabilities	(2,881)	(3,125)
Deposits from customers	(3,227)	(3,366)
Other liabilities	(241)	(310)

The Bank	Six months ended 30 June	
	2026	2025
Interest income	2,321	2,814
Interest expense	(139)	(211)
Fee and commission income	448	478
Fee and commission expense	(16)	(18)
Other operating income	357	309
Other operating expense	(43)	(60)

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

For the six months ended 30 June 2026

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

44 RELATED PARTY TRANSACTIONS *(Continued)***(6) Transactions with 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 Group, directly or indirectly, including members of the board of directors and executive officers.

Transactions key management personnel, their close relatives and entities that are controlled, jointly controlled or significantly influenced by either such key management personnel or their close relatives and are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms.

As at 30 June 2026, the balance of Deposits from customers to the above related parties is RMB9 million (31 December 2025: RMB9 million). As at 30 June 2026, the balance of loans and advances to the above related parties is not material (31 December 2025: not material).

Compensations of directors and senior management are summarised below:

	Six months ended 30 June	
	2026	2025
Remuneration	4	7
Other benefits	1	2

(7) Transactions with associates and joint ventures

Transactions between the Group and its associates and joint ventures are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. Basic information and relevant details of associates and joint ventures are set out in Note 21.

Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2026	As at 31 December 2025
On-balance sheet items		
Due from and placements with banks and other financial institutions	900	500
Derivative financial assets	14	12
Loans and advances to customers	14,590	12,508
Due to and placements from banks and other financial institutions	(847)	(378)
Derivative financial liabilities	(21)	(21)
Deposits from customers	(304)	(536)
Off-balance sheet items		
Notional principal of derivative financial instruments	1,644	1,209
Credit related commitments and financial guarantees	20,821	21,147
	Six months ended 30 June	
	2026	2025
Interest income	196	278
Interest expense	(14)	(27)

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

For the six months ended 30 June 2026

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

44 RELATED PARTY TRANSACTIONS *(Continued)*

(8) Transactions with other related parties

Transactions with other related parties are conducted under normal transaction terms and market pricing terms and which comply with normal commercial terms. Details of transaction volumes and outstanding balances are summarised below:

	As at 30 June 2026	As at 31 December 2025
On-balance sheet items		
Loans and advances to customers	2,195	1,650
Financial investments at FVTPL	61	61
Financial investments at amortised cost	603	609
Financial investments at FVOCI	581	577
Due to and placements from banks and other financial institutions	(916)	(623)
Deposits from customers	(161,828)	(151,267)
Off-balance sheet items		
Credit related commitments and financial guarantees	166	212
	Six months ended 30 June 2026	2025
Interest income	25	36
Interest expense	(1,357)	(1,508)

(9) Transactions with Annuity Fund

Apart from the obligations for defined contributions to the Annuity Fund and normal banking transactions, as at 30 June 2026, Annuity Fund held financial instruments issued by the Bank of RMB41 million (31 December 2025: RMB38 million).

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

For the six months ended 30 June 2026

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

44 RELATED PARTY TRANSACTIONS *(Continued)*

(10) Proportion of major related party transactions

The major balances and transactions with subsidiaries have been eliminated in the consolidated financial statements. When calculating the proportion of related party transactions, transactions with the subsidiary are not involved.

	As at 30 June 2026		As at 31 December 2025	
	Balances	%	Balances	%
On-balance sheet items				
Due from and placements with banks and other financial institutions	5,753	0.61	4,065	0.46
Derivative financial assets	2,733	4.98	2,811	6.43
Loans and advances to customers	17,149	0.19	14,591	0.16
Financial investments at FVTPL	92,127	13.04	50,101	8.34
Financial investments at amortised cost	982,181	35.31	999,160	36.98
Financial investments at FVOCI	256,618	20.77	204,277	16.67
Due to and placements from banks and other financial institutions	(30,279)	1.40	(15,048)	0.70
Derivative financial liabilities	(834)	1.98	(1,045)	2.82
Deposits from customers	(297,324)	3.00	(267,827)	2.88
Certificates of deposit issued	(340)	0.03	—	—
Debt securities issued	(13,249)	1.86	(17,930)	2.59
Off-balance sheet items				
Notional principal of derivative financial instruments	194,863	2.22	215,233	2.34
Credit related commitments and financial guarantees	21,310	0.85	21,695	0.88
Six months ended 30 June				
	2026		2025	
	Amount	%	Amount	%
Interest income	16,675	8.02	17,881	8.23
Interest expense	(3,312)	2.94	(3,576)	2.78
Fee and commission income	39	0.17	46	0.21
Fee and commission expense	(11)	0.45	(19)	0.96

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

For the six months ended 30 June 2026

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

45 SEGMENTAL ANALYSIS

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

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

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

Geographical operating segment information

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

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

- Head Office: Head Office, including the Pacific Credit Card Centre;
- Yangtze River Delta: including Shanghai (excluding Head Office), Jiangsu Province, Zhejiang Province and Anhui Province;
- Central China: including Shanxi Province, Jiangxi Province, Henan Province, Hubei Province, Hunan Province, Hainan Province and Guangxi Zhuang Autonomous Region;
- Bohai Rim Economic Zone: including Beijing, Tianjin, Hebei Province and Shandong Province;
- Pearl River Delta: including Fujian Province and Guangdong Province;
- Western China: including Chongqing, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Qinghai Province, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, Xinjiang Uyghur Autonomous Region and Tibet Autonomous Region;
- North Eastern China: including Liaoning Province, Jilin Province and Heilongjiang Province;
- Overseas: including Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, San Francisco, Sydney, Taipei, London, Luxembourg, Brisbane, Paris, Rome, Brazil, Melbourne, Toronto, Prague, Johannesburg and Dubai.

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

For the six months ended 30 June 2026

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

45 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

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

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

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

For the six months ended 30 June 2026

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

45 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

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

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

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

Business information

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

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

For the six months ended 30 June 2026

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

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

The business information of the Group is summarised as follows:

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

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

For the six months ended 30 June 2026

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

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

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

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

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

For the six months ended 30 June 2026

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

45 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

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

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

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

46 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

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

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

Profit distribution after reporting period

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

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

47 COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform with the current period's presentation.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the six months ended 30 June 2026

1 CURRENCY CONCENTRATIONS

As at 30 June 2026	USD	HKD	Others	Total
Spot assets	907,809	228,141	279,880	1,415,830
Spot liabilities	(942,996)	(297,820)	(137,179)	(1,377,995)
Forward purchases	1,758,524	332,290	437,827	2,528,641
Forward sales	(1,863,356)	(185,850)	(542,020)	(2,591,226)
Net option position	7,389	(128)	(7,656)	(395)
Net (short)/long position	(132,630)	76,633	30,852	(25,145)
Net structural position	186,665	29,421	7,931	224,017

As at 31 December 2025	USD	HKD	Others	Total
Spot assets	906,575	217,133	272,926	1,396,634
Spot liabilities	(936,361)	(284,866)	(146,807)	(1,368,034)
Forward purchases	1,866,848	302,349	285,976	2,455,173
Forward sales	(1,979,041)	(148,562)	(381,691)	(2,509,294)
Net option position	(2,320)	(576)	(511)	(3,407)
Net (short)/long position	(144,299)	85,478	29,893	(28,928)
Net structural position	192,574	29,488	7,777	229,839

The net options position is calculated using the approach set out by the China's National Financial Regulatory Administration in the regulatory report. The net structural position of the Group includes the structural positions of the Group's overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- Investments in fixed assets and properties, net of depreciation charges;
- Capital and statutory reserve of overseas branches;
- Investments in overseas subsidiaries and related companies; and
- Loan capital.

2 INTERNATIONAL CLAIMS

International claims are the sum of cross-border claims in all currencies and local claims in foreign currencies. The Group is principally engaged in business operations within Chinese Mainland.

In respect of this unaudited supplementary financial information, Chinese Mainland excludes Hong Kong Special Administrative Region of the PRC ("Hong Kong"), Macau Special Administrative Region of the PRC ("Macau") and Chinese Taiwan.

International claims include loans and advances to customers, due from and placements with banks and other financial institutions, trade bills and certificates of deposits held and investment securities.

International claims have been disclosed by country or region. A country or region is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if risk exposure is transferred to other counterparty by risk resolving methods. Exposure to credit risk is also mitigated through methods of guarantees, collaterals and credit derivatives.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2026

2 INTERNATIONAL CLAIMS *(Continued)*

As at 30 June 2026	Bank	Official sector	Non-bank Private sector	Others	Total
Asia Pacific	662,215	115,757	613,118	–	1,391,090
<i>Of which attributed to Hong Kong</i>	<i>244,969</i>	<i>59,711</i>	<i>332,083</i>	<i>–</i>	<i>636,763</i>
North and South America	31,300	16,150	31,173	–	78,623
Africa	805	2,649	1,214	–	4,668
Europe	11,854	1,928	24,666	–	38,448
Total	706,174	136,484	670,171	–	1,512,829

As at 31 December 2025	Bank	Official sector	Non-bank Private sector	Others	Total
Asia Pacific	622,925	113,114	531,360	–	1,267,399
<i>Of which attributed to Hong Kong</i>	<i>237,762</i>	<i>69,354</i>	<i>326,317</i>	<i>–</i>	<i>633,433</i>
North and South America	21,005	16,217	31,144	–	68,366
Africa	878	2,325	938	–	4,141
Europe	12,033	1,304	25,253	–	38,590
Total	656,841	132,960	588,695	–	1,378,496

3 OVERDUE AND RESTRUCTURED ASSETS

(1) Balance of overdue loans

	As at 30 June 2026	As at 31 December 2025
Loans and advances to customers which have been overdue for:		
– Less than 3 months	39,730	36,327
– 3 to 6 months	26,172	20,654
– 6 to 12 months	28,410	25,787
– Over 12 months	52,560	50,190
Total	146,872	132,958
Percentage (%):		
– Less than 3 months	0.42	0.40
– 3 to 6 months	0.28	0.23
– 6 to 12 months	0.30	0.28
– Over 12 months	0.55	0.55
Total	1.55	1.46

(2) Restructured loans

	As at 30 June 2026	As at 31 December 2025
Total restructured loans and advances to customers	76,679	77,201
<i>Including: Restructured loans and advances to customers overdue above 3 months</i>	<i>15,438</i>	<i>13,978</i>
Percentage (%) of restructured loans and advances to customers overdue above 3 months in total loans	0.16	0.15

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2026

4 SEGMENTAL INFORMATION OF LOANS

(1) Impaired loans and advances to customers by geographical area

	As at 30 June 2026		As at 31 December 2025	
	Impaired loans and advances to customers	Allowance for impairment losses	Impaired loans and advances to customers	Allowance for impairment losses
Chinese mainland				
– Yangtze River Delta	25,894	(14,855)	26,808	(15,367)
– Pearl River Delta	21,245	(12,259)	18,795	(11,249)
– Central China	17,183	(9,331)	15,466	(8,467)
– Bohai Rim Economic Zone	15,904	(9,966)	16,831	(9,923)
– Western China	10,376	(5,808)	10,263	(5,985)
– North Eastern China	7,069	(4,812)	6,178	(4,351)
– Head Office	19,095	(17,025)	14,851	(13,601)
Subtotal	116,766	(74,056)	109,192	(68,943)
Hong Kong, Macau, Taiwan and overseas regions	6,726	(4,161)	7,773	(4,144)
Total	123,492	(78,217)	116,965	(73,087)

(2) Overdue loans and advances to customers by geographical area

	As at 30 June 2026		As at 31 December 2025	
	Overdue loans	Allowance for impairment losses	Overdue loans	Allowance for impairment losses
Chinese mainland				
– Head Office	28,169	(26,846)	27,671	(25,052)
– Yangtze River Delta	27,953	(18,121)	26,300	(17,636)
– Pearl River Delta	24,953	(14,070)	21,555	(12,633)
– Central China	21,096	(11,197)	18,112	(9,860)
– Bohai Rim Economic Zone	17,575	(10,839)	14,552	(9,213)
– Western China	13,901	(7,006)	11,136	(6,442)
– North Eastern China	6,955	(4,372)	5,596	(3,711)
Subtotal	140,602	(92,451)	124,922	(84,547)
Hong Kong, Macau, Taiwan and overseas regions	6,270	(3,958)	8,036	(4,048)
Total	146,872	(96,409)	132,958	(88,595)

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2026

5 LOANS AND ADVANCES TO CUSTOMERS

(1) The risk concentration analysis for loans and advances to customers by industry sectors (gross)

Hong Kong	As at 30 June 2026			As at 31 December 2025		
		%	Amount covered by collaterals		%	Amount covered by collaterals
Corporate loans						
Real estate	46,470	22.83	15,165	46,290	23.58	17,621
Transportation, storage and postal service	20,254	9.95	3,685	16,499	8.40	3,604
Manufacturing	17,805	8.75	1,996	18,592	9.47	2,276
Production and supply of power, heat, gas and water	16,161	7.94	–	7,170	3.65	–
Wholesale and retail	14,445	7.10	2,919	9,958	5.07	3,163
Accommodation and catering	5,995	2.95	3,184	6,552	3.34	3,324
Finance	5,896	2.90	389	19,429	9.90	995
Leasing and commercial services	5,401	2.65	1,020	1,908	0.97	966
Construction	3,772	1.85	167	2,935	1.50	135
Information transmission, software and IT services	1,872	0.92	27	1,810	0.92	30
Others	3,000	1.46	470	2,234	1.14	502
Total corporate loans	141,071	69.30	29,022	133,377	67.94	32,616
Personal loans						
Mortgage	47,553	23.36	47,553	48,836	24.88	48,836
Personal consumption loans	11,114	5.46	11,041	10,489	5.34	10,386
Personal business loans	270	0.13	270	293	0.15	293
Credit cards	115	0.06	–	125	0.06	–
Others	3,434	1.69	3,345	3,197	1.63	3,101
Total personal loans	62,486	30.70	62,209	62,940	32.06	62,616
Gross amount of loans and advances to customers before impairment allowance	203,557	100.00	91,231	196,317	100.00	95,232
Outside Hong Kong	9,286,116			8,927,254		

Note: The classification of industries is consistent with the latest national standards for industry classification (*Industrial Classification for National Economic Activities (GB/T 4754-2017)* issued by SAC and AQSIQ in 2017).

The risk concentration analysis for loans and advances to customers by industry sectors is based on the Group's internal classification system.

The ratio of collateral and pledge loans to the total loans of the Group was 41% as at 30 June 2026 (As at 31 December 2025: 42%).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the six months ended 30 June 2026

5 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Allowance on loans and advances to customers by type of loan

	As at 30 June 2026		As at 31 December 2025	
	Impaired loans	Allowance for impairment losses	Impaired loans	Allowance for impairment losses
Corporates	67,776	(39,643)	72,147	(42,400)
Personals	55,716	(38,574)	44,818	(30,687)
Total	123,492	(78,217)	116,965	(73,087)

The amount of new provisions charged to statement of profit or loss, and the amount of loans and advances written off during the period are disclosed below:

	Six months ended 30 June 2026			Six months ended 30 June 2025		
	New provisions	Loans and advances written off as uncollectible	Recoveries of loans and advances written off in previous years	New provisions	Loans and advances written off as uncollectible	Recoveries of loans and advances written off in previous years
Corporates	9,070	(7,814)	958	13,740	(4,973)	1,586
Personals	23,555	(18,475)	1,718	16,229	(12,490)	1,741
Total	32,625	(26,289)	2,676	29,969	(17,463)	3,327



Bank of Communications Co., Ltd.

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