

2025 ANNUAL REPORT

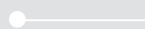
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CREATE SHARED VALUE

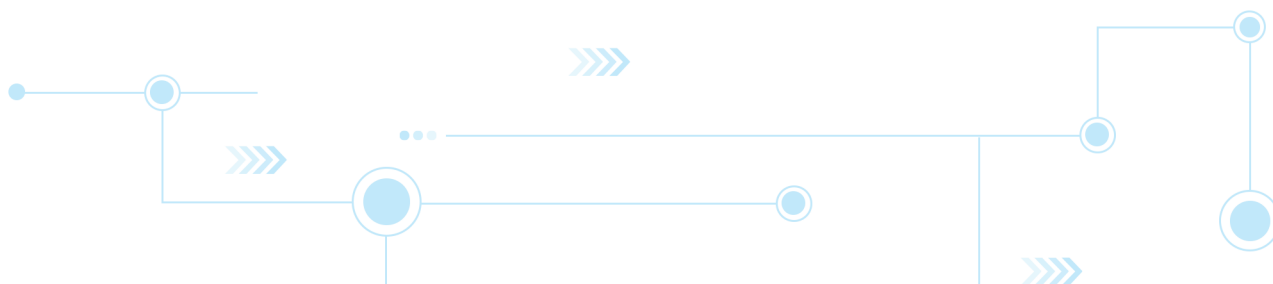
IMPORTANT REMINDERS

- I. The Board of Directors, Directors and Senior Management of the Bank are responsible for the authenticity, accuracy and completeness of the Annual Report, free of false records, misleading statements or material omissions and assume individual and joint legal responsibilities.
- II. The 2025 Annual Report and its summary of the Bank were reviewed and approved at the 6th Meeting of the 11th Session of the Board of Directors of the Bank on 27 March 2026. Among the 15 directors who are supposed to attend the meeting, 15 attended in person.
- III. Mr. Ren Deqi, Chairman of the Bank, Mr. Zhou Wanfu, Executive Vice President of the Bank in charge of accounting and Mr. Ma Zequan, Head of Financial Management Department of the Bank represent that they are responsible for the authenticity, accuracy and completeness of the financial statements in the Annual Report.
- IV. The Group's financial statements that were prepared in accordance with China Accounting Standards were audited by KPMG Huazhen LLP. Those prepared in accordance with International Financial Reporting Standards were audited by KPMG, both with unqualified auditor's reports issued.
- V. The Bank has implemented the 2025 interim profit distribution for A-share and H-share shareholders in December 2025 and January 2026, respectively, and a cash dividend of RMB1.563 per 10 shares had been distributed. The proposal on profit distribution for the fiscal year of 2025 was reviewed by the Board of Directors. Based on the total of 88.364 billion issued ordinary shares of the Bank as at the end of the Reporting Period, a cash dividend of RMB1.684 (including tax) per 10 shares would be distributed to registered ordinary shareholders, totaling RMB14.880 billion. There is no proposal on bonus share or proposal on conversion of capital reserve into share capital for the current fiscal year.
- VI. Prospective statements involved in the report, such as future plans and development strategies, do not constitute a substantive commitment of the Group to 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, liquidity risk, operational risk and compliance risk. The Group has taken and will continue to take various steps to effectively manage risks. For more details which requires 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:

“the Bank”, “BOCOM”	Bank of Communications Co., Ltd.
“the Group”	The Bank 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
“PBOC”	The People’s Bank of China
“NFRA”	National Financial Regulatory Administration
“CSRC”	China Securities Regulatory Commission
“SSE”	The Shanghai Stock Exchange
“HKEx”, “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>
“Corporate Governance Code”	Appendix C1 Corporate Governance Code of Hong Kong Listing Rules
“the Articles of Association”	The Articles of Association of Bank of Communications Co., Ltd.
“Win to Fortune”	A corporate and interbank wealth management brand of the Bank, providing comprehensive one-stop wealth management solutions for corporate, government institutions and interbank financial customers through intelligent financial service and digital transformation.
“OTO Fortune”	A main brand of retail business of the Bank with the core value of “creating and sharing abundant wealth with noble virtue” devoted to realizing value maintenance and appreciation of wealth for customers.
“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 enquiry, reconciliation management, transfer and payment, wealth management and investment, financial information, business signing and termination 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 financial services such as account enquiry, corporate payment, cash management, international business, wealth management and investment and financial services for corporate customers through the Internet.
“Go Pay”	A one-stop digital service platform of finance and life for all customers.
“Huimin Credit”	An online credit consumption loan product of the Bank for qualified customers.
“Benefit Business Loan”	A personal business loan products of the Bank for qualified customers for their business entities’ daily production and operation turnover.
“BOCOM On-cloud”	A digital service brand that builds a “cloud outlet, cloud teller, and cloud butler” system based on remote video services, and meets customers’ digital service needs through a new mode of screen-to-screen online service.
“Yuan”	Renminbi Yuan (RMB)

This annual 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

Company name in Chinese: 交通銀行股份有限公司

Abbreviated company name in Chinese: 交通銀行

Company name in English: 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 office address:

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

Postal code: 200120

Tel: 86-21-23538555

Fax: 86-21-58798398

E-mail: investor@bankcomm.com

Official website: www.bankcomm.com, www.bankcomm.cn

Principal place of business in Hong Kong: 20 Pedder Street, Central, Hong Kong

Information Disclosure Channels and Places Where the Annual Report is Available

A share: *China Securities Journal, Shanghai Securities News, Securities Times*, www.sse.com.cn

H share: www.hkexnews.hk

Places where the annual report is available: Board of Directors Office and principal business outlets of the Bank

Information of Shares

Classes	Stock exchange	Stock name	Stock code
A Share	SSE	Bank of Communications	601328
H Share	HKEx	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 signing accountants: SHI Haiyun, LI Li

International auditor: KPMG (Registered Public Interest Entity Auditor)
8/F, Prince's Building, 10 Chater Road, Central, Hong Kong, PRC

Name of the signing accountant: CHEN Shaodong

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 signing sponsor: CAI Rui, XU Li
Period of continuous supervision: From 17 June 2025 to 31 December 2026

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

Name of the signing sponsors: 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 District, Shanghai

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

Other Information

Unified social credit code: 9131000010000595XD

GENERAL INFORMATION

II. COMPANY PROFILE AND PRINCIPAL ACTIVITIES

Founded in 1908, the Bank is one of the banks with the longest history in 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. The Bank was rated as a global systematically important bank in 2023, and ranked the 9th among global banks in terms of tier-1 capital.

Guided by the strategic goal of “building a world-class banking group with distinctive advantages”, the Bank solidly promotes the “five priorities”, continues to enhance the four major business focuses, which include inclusive finance, trade finance, sci-tech finance and wealth finance. The Bank continuously endeavors to improve the professional capabilities in the five areas of customer management, technology leadership, risk management, internal synergy and resource allocation. Leveraging the innovations and breakthroughs in “Shanghai Home Base” construction and digital transformation, the Group aims at achieving the 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 3.07 million corporate customers and 205 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 controlled subsidiaries.

As a long-standing large-scale state-owned banking group with a long history, the Bank will fully play the role as a large state-owned bank serving as the main force in serving the real economy and as the ballast 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 Group’s operating mode, primary businesses and key performance drivers experienced no material changes.

GENERAL INFORMATION

III. HONOURS AND REWARDS

**Comprehensive
Ranking
Top 1000 World
Banks 2025
(ranked 9th)**
The Banker

**Brand and Business Awards
First Prize of FinTech Development
Award**

The People's Bank of China

**Certification at Excellence Level (Level
5) for Digital Technology Application
Capability under the Business Value-
based Financial Digital Maturity Model
(FDMM) for the Financial Industry**

China Academy of Information and
Communications Technology

**Best Treasury and Cash Management
Services Bank, China's Best Cash
Management Services Bank**

The Asset

**Best ERP Integration/H2H Solution/
Project**

The Asian Banker

**2025 "Golden Pinnacle" Excellent Case
(Technology Finance)**

CNR Network Finance Center

**Financial Golden Tripod Award
(Technology Finance)**

National Business Daily

2025 Best Supply Chain Finance Bank

Trade Finance

**China Treasury Construction
Benchmark Bank**

Trade Finance

**Best Treasury Service Practice Bank
Award, Best Industry Solution Award,
Best Scene Solution Award**

Treasury China

2025 "China's Best Ageing Financial Services"

The Asian Banker

2025 Pension Management Institution

The Economic Observer

**National Mobile Banking Trailblazer,
Corporate Mobile Banking Trailblazer**

China Financial Certification Authority (CFCA)

**2025 Brand Award for Bank Wealth
Management**

Shanghai Securities News

**Excellent Wealth Management Bank for
Implementing the "Five Priorities" of Finance**

China Fund Journal

**People's Craftsmanship Brand (BOCOM Hui
Dai)**

People's Daily Online

**China's Best Inclusive Finance Project
(Benefit Business Loan)**

The Asian Banker

**First Prize for Team in Data Modeling Track
(Bank Group) of Financial Industry Digital
Transformation Skills Competition (Retail
Credit)**

National Committee of Chinese
Financial Workers' Union

Golden Bull Private Banking Award

China Securities Journal

China Star Award for Best Private Banking

Global Finance Magazine

**Best Practices in Annual Results Briefing of
Listed Companies**

China Association for Public Companies

GENERAL INFORMATION

Awards Received by Major Subsidiaries

Bank of Communications Financial Leasing Co., Ltd.

Third prize of the 2023-2024 Shanghai Financial Innovation Achievement Award (Innovative Practice Plan for RMB Internationalization in Financial Leasing Business)

CPC Shanghai Municipal Committee, Shanghai Municipal People's Government

2025 (8th) China Financial Leasing "Tengfei Award – Best Financial Leasing Company of the Year"

China Financial Leasing "Tengfei Award" Evaluation Committee

Bank of Communications International Trust Co., Ltd.

Sincere Trust • Best Wealth Management Service Trust Product Award

Shanghai Securities News

Golden Bull Award for Three-Year Hybrid Product, Golden Bull Award for Three-Year Fixed Income Product

4th Golden Bull Award Selection for China Trust Industry hosted by *China Securities Journal*

Bank of Communications Schroder Fund Management Co., Ltd.

Seven-Year Open-ended Hybrid Sustained Outperformance Golden Bull Fund won by its BOCOM Trend Priority

China Securities Journal

Golden Bull Award for Fund Investment Advisor Service

China Securities Journal

BOCOM Wealth Management Co., Ltd.

2025 "Golden-Shell" Award for Competitive Wealth Management Cases • 2025 Outstanding Popularity Brand

21st Century Business Herald

"SSE Eagle • Golden Wealth Management" Annual Fixed Income Product Award

Shanghai Securities News

Golden Bull Award for Fixed Income Wealth Management Product

China Securities Journal

BOCOM MSIG Life Insurance Co., Ltd.

Life Insurance Company of the Year, Customer Trusted Product Brand of the Year

Insurance Culture

Quality Service Insurance Company of the Year

Hexun

BOCOM Financial Asset Investment Co., Ltd.

2025 Property Rights Transaction Gold Award

Shanghai United Assets and Equity Exchange

2024 Best Investment Institution (BOCOM Capital Management Co., Ltd.)

Private Equity Association of Shanghai

China BOCOM Insurance Co., Ltd.

2025 "Good MPF Employer", "e-Contribution Award" and "MPF Support Award"

Mandatory Provident Fund Schemes Authority of Hong Kong

2025 Privacy-Friendly Silver Award

Office of the Privacy Commissioner for Personal Data, Hong Kong

FINANCIAL HIGHLIGHTS

I. KEY FINANCIAL DATA AND FINANCIAL INDICATORS

As at the end of the Reporting Period, key financial data and financial indicators prepared by the Group under IFRSs are as follows:

Items	2025	2024	2023	2022	2021
Full year results					
					<i>(in millions of RMB)</i>
Net interest income	173,075	169,832	164,123	169,882	161,693
Net fee and commission income	38,183	36,914	43,004	44,855	47,573
Net operating income	265,600	260,269	258,014	257,346	269,748
Credit impairment losses	54,547	52,567	56,908	60,411	66,371
Business cost	77,655	77,687	77,369	76,151	74,545
Profit before tax	103,763	103,475	99,698	98,115	93,959
Net profit (attributable to shareholders of the Bank)	95,622	93,586	92,728	92,102	87,581
As at the end of the year					
					<i>(in millions of RMB)</i>
Total assets	15,548,388	14,900,717	14,060,472	12,991,571	11,665,757
Loans and advances to customers ¹	9,123,571	8,555,122	7,957,085	7,294,965	6,560,400
Total liabilities	14,268,106	13,745,120	12,961,022	11,958,049	10,688,521
Deposits from customers ¹	9,307,815	8,800,335	8,551,215	7,949,072	7,039,777
Shareholders' equity (attributable to shareholders of the Bank)	1,269,232	1,144,306	1,088,030	1,022,024	964,647
Per share					
					<i>(in RMB)</i>
Earnings per share (attributable to the ordinary shareholders of the Bank) ²	1.08	1.16	1.15	1.14	1.10
Net assets per share (attributable to the ordinary shareholders of the Bank) ³	12.93	13.06	12.30	11.41	10.64

FINANCIAL HIGHLIGHTS

Items	2025	2024	2023	2022	2021
Key financial ratios					(%)
Return on average assets	0.63	0.65	0.69	0.75	0.80
Return on weighted-average shareholders' equity ²	8.38	9.08	9.68	10.34	10.76
Net interest margin ⁴	1.20	1.27	1.28	1.48	1.56
Cost-to-income ratio ⁵	29.30	29.90	30.04	29.65	27.67
Non-performing loan ratio ⁶	1.28	1.31	1.33	1.35	1.48
Provision coverage ratio	208.38	201.94	195.21	180.68	166.50
Capital adequacy indicators					<i>(in millions of RMB unless otherwise stated)</i>
Net capital ⁷	1,589,837	1,508,812	1,351,116	1,250,317	1,139,957
Including: Net core tier-1 capital ⁷	1,138,469	964,568	905,394	840,164	783,877
Net other tier-1 capital ⁷	126,591	176,078	176,289	176,480	176,348
Net tier-2 capital ⁷	324,777	368,166	269,433	233,673	179,732
Risk-weighted assets ⁷	9,958,343	9,416,873	8,850,786	8,350,074	7,379,912
Capital adequacy ratio (%) ⁷	15.96	16.02	15.27	14.97	15.45
Tier-1 capital adequacy ratio (%) ⁷	12.70	12.11	12.22	12.18	13.01
Core tier-1 capital adequacy ratio (%) ⁷	11.43	10.24	10.23	10.06	10.62

Notes:

- Loans and advances to customers do not include interest receivable of related loans and advances. Deposits from customers include interest payable of related deposits.
- Calculated pursuant to the requirements of *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 CSRC.
- Refer to shareholder's equity attributable to the ordinary shareholders of the Bank after the deduction of other equity instruments against the total issued ordinary shares as at the end of the period.
- Represented the ratio of net interest income to total average interest-bearing assets.
- 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.
- Calculated pursuant to regulatory standards.
- Calculated pursuant to *the Administrative Measures for the Capital of Commercial Banks* and its relevant regulations by NFRA, the calculation scope includes all domestic and overseas branches of the Group and subsidiaries of financial institutions (excluding insurance companies).

CHAIRMAN'S MESSAGE

**Ren Deqi**

Chairman of the Board of Directors

The year 2025 marked the conclusion of the “14th Five-Year Plan”. BOCOM diligently implemented the decisions and deployments of the CPC Central Committee and the State Council. Anchored in the goal of building a strong financial nation and the imperative to achieve high-quality and stronger development, the Bank earnestly played its role as a mainstay and ballast stone in the financial industry. Closely adhering to the main line of

“preventing risks, strengthening regulation, and promoting high-quality development”, the Bank upheld fundamental principles while breaking new ground, and forged ahead with determination. As a result, the Bank maintained a stable development momentum with steady progress and improved quality, and achieved new heights in high-quality development.

In 2025, we successfully completed a private placement of 120.0 billion, further consolidating the foundation for medium to long-term development. Operating results exceeded expectations, and all business development targets set by the Board of Directors were achieved. As at the end of the Reporting Period, the Group's total assets amounted to 15.5 trillion, representing an increase of 4.35% compared to the end of the previous year. Throughout the year, the Bank generated an operating income and a net profit of 265.1 billion and 95.6 billion, representing a year-on-year increase of 2.02% and 2.18%, respectively. Both net interest income and fee income recorded positive year-on-year growth. We have successfully completed the change of the Board of Directors, injecting fresh impetus into the continued optimization of the Company's corporate governance structure. We would like to take this opportunity to express our sincere gratitude to the 10th Session of the Board of Directors, the entire management team and all employees for their dedication and hard work. The Board of Directors proposed distributing cash dividends twice, with a total cash dividend of RMB3.247 per ten shares (tax inclusive) for the year, maintaining a dividend payout ratio of over 30% for the 14th consecutive year.

CHAIRMAN'S MESSAGE

With a retrospect on the “14th Five-Year Plan” period, BOCOM traversed an extraordinary and remarkable journey spanning half a decade. Amid a complex and volatile international landscape and increasingly arduous and formidable tasks for domestic reform, development and stability, the environment for the operation and development of the banking industry became increasingly complex. In accordance with the CPC Central Committee’s all-round blueprint for the financial sector, BOCOM unswervingly followed the path of financial development with Chinese characteristics and ascended to a new level in terms of overall strength and took solid strides towards the goal of “building a world-class banking group with distinctive advantages”, thanks to its steady implementation of the strategic plan during the “14th Five-Year Plan” period and the relentless efforts in promoting the “five priorities” of finance.

Over the past five years, our business development has progressed steadily, with the overall strength increasing steadily. Business size expanded in a steady and orderly way. The Bank’s total assets increased from 10.7 trillion to 15.5 trillion, with a compound annual growth rate of 7.77%. Operating performance remained resilient. Net profit recorded positive growth for five consecutive years. Asset quality demonstrated marginal improvement and risk cushioning capacity was reinforced. The Group’s non-performing loan ratio decreased by 39 basis points, while the provision coverage ratio increased by 64.5 percentage points, both reaching their best levels in recent years. In terms of tier-1 capital, BOCOM ranked the 9th in *The Banker’s* “Top 1000 World

Banks” list and has remained among the top 10 for four consecutive years. The Bank has been included in the list of global systematically important banks for three consecutive years. The capital market also gave a nod to the Bank’s investment value. Over the past five years, the Bank’s A-share and H-share stock prices increased by 124.93% and 134.22%, respectively, with the performance among the best in comparable peers.

Over the past five years, we have steadfastly fulfilled our duties and missions, significantly enhancing the intensity and alignment of our services for the real economy. Actively adapting to economic structural adjustment and evolving demand, we increased the total volume of financial supply and optimized the structure. The RMB loans increased at a compound annual growth rate of 10.57%. The intensity and alignment of the Bank’s support for China’s major strategies, focused areas and weak segments were further escalated. The total amount of loans related to the “five priorities” of finance accounted for one third of the total loan portfolio, among which the proportion of technology loans exceeded 16% and that of green loans and inclusive loans to micro and small enterprises both exceeded 10%. The supply capacity of ageing finance was effectively enhanced. Digital finance strongly drove product and service innovation. Through efficient financial supply, we effectively facilitated the implementation of major state-level regional development strategies, with the proportion of loans in the three key regions, i.e. the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, increasing to 53.99%.

CHAIRMAN'S MESSAGE

Over the past five years, we have deeply advanced reform and transformation, and innovated business models, making our operational characteristics increasingly prominent. We promoted technology finance and inclusive finance in an integrated manner, and the proactive credit granting model was fully rolled out. Cross-border trade finance was boosted, with the steady increase of the market share of cross-border RMB receipts and payments, and the “BOCOM Shipping-Trade Service” platform was launched. We resolutely implemented a strategy of extending services to lower-tier markets and pursuing retail transformation, advancing digital and intelligent retail operations and the transformation of credit card localized operation. Due to such efforts, we developed a new business model characterized by digital-driven direct online sales and online-offline synergy. The growth rate of retail credit scale ranked among the top in the industry, and its market share increased steadily. The characteristics of wealth finance became more distinct, as evidenced by a cumulative increase of 30.57% in the AUM of retail wealth management.

Over the past five years, we have taken the Shanghai home base construction and digital transformation as two breakthroughs for strategy implementation, significantly enhancing our capacity for innovation-driven development and service effectiveness. Our visibility in and contribution to the Shanghai market increased steadily. In 2025, the RMB loan growth rate in the Shanghai region ranked among the top in the market. We enhanced support for technology

enterprises and major sci-tech innovation projects in key areas involving the self-reliance and self-strengthening in the high-standard science and technology. We deeply integrated into the development of Shanghai's financial factor market, maintaining a leading position in the market in terms of the volume of agency clearing and settlement in the inter-bank factor market and the settlement volume in the securities and futures factor market. Focusing on high-standard opening up and building Shanghai into “five centers”, we pioneered initiatives in areas such as RMB internationalization and onshore-offshore integration, and explored and launched a number of new products and models in trade finance, cross-border finance and offshore finance. Positive progress was made in digital transformation. During the “14th Five-Year Plan” period, the cumulative investment in science and technology exceeded 56.0 billion, accounting for over 5% of the total operating income. The “multi-location and multi-center” layout was accelerated. The infrastructure was further optimized, and the self-reliance and self-control capabilities were further enhanced, with the overall fin-tech capabilities reaching the industry leading level. The application of artificial intelligence expanded in scope and scale, empowering key areas such as precision marketing and risk prevention and control. We advanced enterprise-level capability building, with a digital operation and management system integrating front, middle and back offices gradually taking shape.

CHAIRMAN'S MESSAGE

Over the past five years, we have remained steadfast in fulfilling our social responsibilities, delivering warmth and care through the power of finance. A total of 1,452 public-interest projects has been implemented, with cumulative donations exceeding 290 million, covering a wide range of areas including support for persons with disabilities and those in need, disaster relief, and ecological protection. We have supported initiatives for persons with disabilities for 18 consecutive years, with cumulative charitable donations amounting to 120 million. At the 7th National Commendation Conference for Self-Reliant Role Models and Advanced Units in Supporting Persons with Disabilities, we were honored with the title of “National Advanced Collective in Supporting Persons with Disabilities.” More than 200 assistance officers have been working on the front line of comprehensive rural revitalization. Our designated assistance efforts have received the highest rating of “Excellent” in the central authorities’ assessment of designated assistance programs for seven consecutive years.

Today, the impact of changes in the external environment is deepening, the international situation is becoming more turbulent and complex, and the characteristics of high differentiation, high volatility and high risk in global financial market are intensifying. It is precisely amid turbulent waters that one’s courage to ride the waves is tested; it is when facing seemingly insurmountable barriers that the determination to press forward is required. We will press ahead with aspiration and determination, and strengthen financial support for key areas such as expanding domestic demand, sci-tech innovation, and micro, small and medium-sized enterprises, with an aim to effectively prevent and mitigate risks in key areas and to further advance high-quality development.

— **We shall advance the “five priorities” of finance in a coordinated manner.** Leveraging the Group’s strengths in the full array of financial service licenses, we will strengthen resource integration, make concrete and meticulous efforts in the “five priorities” of finance based on local conditions, and continuously enhance the service capabilities and core competitiveness. We will thoroughly implement a package of financial policies to provide full life-cycle and full-chain financial services for sci-tech innovation enterprises. We will step up efforts to improve the quality and expand the scale of green finance, and support the green transition of economic and social development. Through digital means, we will broaden the coverage of services for micro, small and medium-sized enterprises, private enterprises, and the segments relating to agriculture, rural areas and farmers. We will intensify efforts in promoting the ageing finance service via building the Bank’s ageing finance service system.

— **We shall further fortify our Shanghai home base.** Focusing on Shanghai’s Five-center Construction, we will enhance service functions and upgrade service capabilities. We will better leverage our advantages of being headquartered in Shanghai, operating on a comprehensive basis, and having a concentration of subsidiaries to fully enhance the depth and presence of our services in Shanghai. We will deeply integrate into the development of Shanghai as a global allocation center for RMB assets and a risk management center, as well as its financial factor market. We will forge distinctive advantages in offshore finance and cross-border finance, and deeply participate in building a digital platform for shipping and trade. We will fully leverage our role as an originator and driver of innovation to catalyze regional high-quality development with breakthroughs in key areas.

CHAIRMAN'S MESSAGE

—— We shall further advance the “AI +” action.

Focusing on reducing costs and enhancing quality and efficiency, we will apply digital and intelligent thinking to deepen our practices. We will leverage AI technology to restructure business processes and innovate service models, thereby seizing the initiative amid fierce market competition. We will strengthen our data capabilities to accelerate the integration of business, technology and data, and leverage “data elements” and “artificial intelligence” to improve service effectiveness, empower the development of key areas, and enhance labor productivity in customer service, cross-border finance, and risk prevention and control.

—— We shall advance the project of strengthening the customer base.

We will steadfastly advance the customer strategy of “strengthening medium-sized customers, stabilizing large customers, and expanding small customers”. Efforts will be made to improve the customer operation and management mechanism, further deepen online-offline integration, and strengthen the G-B-C coordinated development. We will intensify efforts to acquire customers at source in areas such as payroll processing, social security, and pensions, focus on areas such as consumption and payment settlement, and deepen the construction of scene-based ecosystems to improve customer service experience.

—— We shall secure the bottom line of preventing systematic risks.

Applying bottom-line thinking and extreme-value thinking, we will enhance the forward-looking and penetrative nature as well as the resilience of risk management, and make every effort to implement the “four early” requirements. We will advance the modernization of risk governance system and capabilities, continuously improve the comprehensive risk management mechanism, and strengthen integrated and penetrative management across the Group, so as to respond to external shocks and challenges in a stable and prudent manner and effectively control risks in key areas.

The year 2026 marks the beginning of the “15th Five-Year Plan” period. BOCOM will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, remain focused on advancing high-quality development, maintain strategic resolve and firm confidence in development, pursue innovation and change, and direct efforts towards the real economy. Through unremitting dedication, we will advance initiatives that benefit the nation and improve people’s livelihoods, and deliver an excellent report worthy of our times as we contribute to the building of a strong financial nation.

PRESIDENT'S MESSAGE

**Zhang Baojiang**

President

Time flies, and the year 2025 has been fruitful. In 2025, facing a complex and ever-changing external environment, BOCOM

earnestly practiced the political and people-oriented nature of financial work, and closely followed the deployment of the “14th Five-Year Plan”. BOCOM strengthened its foundation in serving the “Four Stabilities” and explored new opportunities by upholding fundamental principles while breaking new ground, delivering an annual report demonstrating strong resilience and excellent quality and efficiency. These achievements are fundamentally due to the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, benefit from the care and support of all sectors of society and the dedicated efforts of all BOCOM employees, and would not have been possible without the long-term trust and partnership of our shareholders and customers.

This year, we improved internal strength to deal with external challenges and enhanced the quality and efficiency of operation and management. In the face of persistently low interest rates and insufficient effective demand, we adhered to an approach of balancing “volume, price and risk”, enhanced

PRESIDENT'S MESSAGE

internal management, seized external trending opportunities, and strived to ensure the certainty of our own work in response to the uncertainty of the external environment. All four core indicators, namely, the net profit attributable to the Bank, net operating income, net interest income, and net fee and commission income, achieved positive growth throughout the year, maintaining a stable and positive trend. **On the one hand, we stabilized the net interest income, the basic revenue source, through refined management.** On the asset side, we promoted the front-loaded allocation of credit, increased the proportion of substantive loans, and ensured that business initiatives were undertaken early and optimized to achieve balanced efficiency gains. On the liability side, we strengthened the control over the trend toward time deposits and long-term deposits, and intensified efforts to expand core deposits, and reduced the cost ratio of customer deposits by 38 basis points year-on-year. The decline in the net interest margin was controlled at a level superior to the industry average, showing a gradual trend toward stabilization. **On the other hand, we broadened income sources through diversified layouts.** We fully tapped the income-generating potential of intermediary businesses such as wealth management, custody, and payment settlement, with the growth rate in net fee and commission income exceeding that of net interest income. The development quality and efficiency of subsidiaries were improved, with a year-on-year increase of 9.66% in net profit. These subsidiaries deeply collaborated with the Bank in terms of products, channels, and customers, effectively supporting the Bank's business. The contribution of overseas institutions to the Group's profits increased to 11.67%, underscoring the sustained value of our international layout.

This year, we were dedicated to performing our duties at a high level, and steered business development toward innovation and excellence. We consistently took serving the national priorities as a starting point, achieving mutual success and pursuing righteous profits through precisely channeling resources into the real economy. **We continuously optimized the asset structure** by taking the "five priorities" as a key driver for structural adjustment. We improved the specialized organizational promotion system and product service system, guiding resources toward strategic sectors. Loans to technology, green, and inclusive small and micro enterprises, the ageing industry, and core digital economy sectors grew by 10.73%, 14.16%, 20.76%, 49.12%, and 14.46%, respectively. **We persistently refined the regional layout,** strengthening coordination under the holistic Bank-wide approach. We encouraged operating institutions in regions with stronger economic vitality and relatively favorable pricing to contribute more, thereby preventing risks and advancing development through optimized layout. Credit growth in the three key regions – the Beijing-Tianjin-Hebei region, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area – reached 6.59%. We vigorously supported the development of Shanghai as "five centers", with the increase in general loans recording a significant growth. **We persistently advanced the transformation of retail business,** fully tapping the strategic value of retail assets within the asset portfolio. We made precise efforts to serve the expansion of domestic demand and the promotion of consumption, achieving overall better development in personal loans compared to the market average, thereby further strengthening the capabilities and competitiveness of retail business.

PRESIDENT'S MESSAGE

This year, we fully implemented a project to strengthen the customer base, continuously solidifying the groundwork for high-quality development. The customer base was the greatest source of confidence to move steadily towards a brighter future. We adhered to the goal of expanding coverage and increasing volume, took the approach of in-depth and thorough development, and persistently develop the customer group through offering comprehensive services, striving to establish a stable operational base. **In terms of corporate customer group**, we further advanced the strategy of strengthening ties with medium-sized customers, stabilizing large-sized customers, and expanding small-sized customer base. Each branch formulated credit plans tailored to local conditions, enabling precise marketing by following these roadmaps. We fully leveraged digital tools and proactive credit granting models. As a result, the number of effective corporate customers, medium-sized customers, and basic customers in cross-border finance grew rapidly. **In terms of retail customer group**, we initiated a structural reform of the retail segment, reshaping the three professional systems of wealth management, retail assets, and settlement services. We achieved significant results in securing source customer groups in payroll processing and social security. The number of OTO Fortune customers has grown by more than 9% for six consecutive years. **In terms of interbank customers**, we continuously advanced cooperation in a wider scope and at a deeper level, maintaining our position as an active trader. The agency clearing volume in interbank factor market and settlement volume in securities and futures factor market remained at the forefront of the market. We actively promoted custody and clearing services for the Southbound Bond Connect.

The number of source customer groups for third-party custody grew by 8.1% to over 12 million, fostering mutual benefits for all parties within the service ecosystem.

This year, we balanced development with security, steadily improving main risk indicators. Adapting to the changing landscape, we focused on enhancing the forward-looking, targeted and proactive nature of risk management. **Our risk coverage foundation was further strengthened** with the successful completion of capital replenishment, providing more ample “ammunition” and a thicker “safety cushion” for business development. The provision coverage ratio increased further, reaching its best level in recent years. **Asset quality remained stable.** We made solid and meticulous efforts in industry-specific controls, strengthened risk management in key areas such as real estate and local government debt, and improved the risk management mechanism for inclusive retail loans. Through coordinated efforts across front, middle, and back offices and at all levels, we implemented the tasks of “de-risking, unblocking channels, and plugging loopholes”. At the end of the year, the Group’s non-performing loan ratio stood at 1.28%, representing a decrease of 3 basis points compared with the beginning of the year. Throughout the year, we disposed of 73.8 billion of non-performing loans, representing a year-on-year increase of 10.8%. **The internal control system for risks continued to improve.** We deeply advanced a comprehensive risk management system that integrated risk categories, institutions, and products. By coordinating traditional and non-traditional security, we effectively responded to market fluctuations and external shocks, ensuring that all categories of risks remained under control.

PRESIDENT'S MESSAGE

This year, we deepened the integration of business and technology, deepening and consolidating the digital and intelligent transformation. We focused on shifting the relationship between technology and business from a simple superposition to a deep integration, thereby enhancing customer experience, optimizing processes, and releasing production capacity. We further **consolidated the technology foundation** by accelerating the development of a multi-region and multi-center architecture system, steadily enhancing independent control capabilities, and strengthening the integrated network and data security protection across the Group. **We actively expanded the application of new technologies**, with the data scale growing by nearly 20% and over 2,500 AI agents deployed, effectively supporting precision marketing, risk prevention and control, and reducing the burden on grassroots staff. **We accelerated business process re-engineering.** The intelligent devices in the lobby covered over 80% of high-frequency scenes at the counter. The volume of manually authorized business decreased by approximately 63% year-on-year, and the time required for opening corporate accounts was reduced by more than half. These efforts further released the production capacity of outlets and improved the efficiency of human resources.

We focused on building and strengthening intelligent risk control capabilities by deeply promoting and applying a risk profile view covering the entire financing process of customers. We continuously enriched digital and intelligent tools for the entire credit process, transforming risk management from a model reliant on human prevention to one driven by technology and intelligent control.

With a steadfast commitment and long-term vision, we have achieved fruitful results. The year 2026 marks the beginning of the “15th Five-Year Plan” period. Bearing in mind our responsibilities and mission as a major state-owned bank, we will firmly establish and practice a correct view of political achievements. Anchored in the primary task of high-quality development, we will be better positioned to serve the real economy, forge distinctive advantages through differentiated development, and lay a solid foundation for long-term development by deeply engaging with customers. By comprehensively advancing high-standard performance and high-quality development, we are fully committed to achieving even greater success in this inaugural year.

ECONOMIC AND FINANCIAL ENVIRONMENT

I. ECONOMIC AND FINANCIAL ENVIRONMENT

The year 2025 marks the conclusion of the “14th Five-Year Plan” and is a year of significant importance in the process of Chinese-style modernization. Facing complex circumstances, the Chinese economy withstood multiple pressures and maintained a steady yet progressive development trend. Gross domestic product grew 5.0% year-on-year, with the total economic output surpassing 140 trillion for the first time, successfully achieving the planned targets. The economic structure continued to optimize, domestic demand drivers continued to unleash, the construction of a modern industrial system accelerated, new quality productive forces continued to grow and expand, the growth rate of value added of high-tech manufacturing enterprises above designated size was significantly faster than the average industrial growth rate, and high-quality development advanced solidly.

Macroeconomic policies were more proactive and effective, forming a synergy for high-quality development. Through implementing a more proactive fiscal policy, the issuance and utilization of ultra-long-term special government bonds have been accelerated, and the financial support for major national strategies has been further strengthened. An appropriately accommodative monetary policy was implemented, with reductions in the required reserve ratio and policy interest rates, to maintain ample liquidity and guide a steady decline in the overall social financing costs, thereby creating a stable financial environment for the recovery and improvement of the real economy. We gave full play to both the aggregate and structural functions of monetary policy, enriched structural policy tools, solidly advanced the “five priorities” of finance, and strengthened support for key areas such as technological innovation, boosting consumption, micro and small enterprises, and stabilizing foreign trade.

Financial regulation has continued to strengthen, promoting banks to better serve the real economy. Reforms and risk resolution of small and medium-sized financial institutions have been accelerated, the urban real estate financing coordination mechanism has been further deepened, and support has been provided for the resolution of financing platform debt. A stricter regulatory environment is gradually taking shape, the legal framework for financial regulation is being improved at a faster pace, and illegal and non-compliant activities are being strictly punished. Efforts to enhance quality and efficiency in the banking sector have been intensified, promoting large state-owned banks to replenish core Tier 1 capital and providing precise and effective support for stable and improving economic growth.

BUSINESS REVIEW

II. BUSINESS REVIEW

1. Development Strategies and Implementation Progress

Aiming at contributing to China's ambition of building a strong financial powerhouse, the Group actively and effectively played the role as the main force in serving China's real economy and the ballast for maintaining financial stability, continued with its in depth efforts to promote the 14th Five-Year strategy, implemented the "five priorities", and successfully completed the tasks under the 14th Five-Year Plan.

Financial support was accurately and effectively advanced for the real economy.

The Bank resolutely implemented all macroeconomic control policies, adapting to economic restructuring and shifts in demand. As at the end of 2025, the balance of all domestic RMB loans reached 8.87 trillion, representing a 7.88% increase from the end of the previous year. By supporting the expansion of effective investment, growth in lending to the manufacturing sector, and private enterprises all outpaced the average growth of all loans. By actively supporting the recovery and expansion of consumption, the market share of personal housing loans, consumer loans, credit card loans, and personal business loans has increased. In strong support of stabilizing foreign trade and investment, the "BOCOM Shipping-Trade" cross-border financial services platform was launched, driving an increase in our market share for international settlements and cross-border RMB transactions. By promoting coordinated urban-rural and regional development, credit balance amounted to 4,925.052 billion in the three key regions including Beijing-Tianjin-Hebei, Yangtze River Delta, and Guangdong-Hong Kong-Macao Greater Bay Area, representing an increase of 6.59% from the end of the previous year, while agricultural loans balance was 833.373 billion, which grew by 11.99% over the end of the previous year.

The "five priorities" were solidly promoted.

The Bank optimized its organizational structure and established a product and service system covering the full lifecycle of enterprises. As at the end of 2025, the balance of technology loans amounted to 1.58 trillion, representing a 10.73% increase from the end of the previous year. By expanding the product portfolio, refining the organizational structure and collaboratively advancing transition finance, the balance of the domestic branches' green loans reached 950.825 billion, representing a 14.16% increase from the end of the previous year. By intensifying the promotion of active credit granting model, the balance of inclusive micro and small enterprise loans reached 910.05 billion, representing a 20.76% increase from the end of the previous year. By advancing on multiple fronts encompassing pensions, annuities, the silver economy and service models, the loan balance for the ageing industry reached 6.762 billion, representing a 49.12% increase from the end of the previous year. By optimizing the digital service ecosystem, the loan balance for the core digital economy industries reached 319.32 billion, representing a 14.46% increase from the end of the previous year.

—— Sci-tech finance. The Bank continuously improved its top-level design and established an organizational service mechanism that connects the head office and branches and enables coordination between the two levels. This achieved full coverage of dedicated sci-tech finance institutions in key branches and established over 100 technology-focused and technology-characteristic sub-branches. We built a full-cycle sci-tech finance service system, developed an integrated multi-dimensional service solution covering "stocks, loans, debts, leases and trust", and innovatively launched the active credit granting service model. We leveraged the supporting and leading role of equity investment, actively

BUSINESS REVIEW

responded to the expanded pilot program for equity investment, and the equity investment funds of the Financial Asset Investment Company covered provinces where 18 pilot cities were located. We fully utilized policy tools and leveraged technological innovation and technical renovation re-lending to provide targeted support. As at the end of the Reporting Period, the balance of technology loans reached 1.58 trillion, representing an increase of 10.73% compared to the end of the previous year. Loans to “SRDI (specialized, refined, differential, innovative)” small and medium-sized enterprises and technology-based small and medium-sized enterprises grew by 21.02% and 36.29% compared to the end of the previous year, respectively.

— Green finance. The Bank focused on serving the national strategies of carbon peaking and carbon neutrality, building a beautiful China and promoting the comprehensive green transformation of economic and social development, accelerated improvements to the green financial system, improved the governance structure of green finance, actively supported green and low-carbon transformation in key areas and served the construction of the new energy system. We continuously enriched green finance and transition financial products and services and propelled the implementation of featured business products and services such as sustainability-linked loans, China Certified Emission Reduction (CCER) pledge financing, and eco-environment-oriented development (EOD) financing. We incorporated ESG into the business management process and comprehensive risk management system and launched the dynamic assessment. We actively support the construction of clean energy, green and low-carbon initiatives, and new infrastructures in Belt and Road countries. As at the end of the Reporting Period, the balance of the

domestic branches’ green loans reached 950.825 billion, representing an increase of 14.16%¹ over the last year.

— Inclusive finance. The Bank focused on strengthening financial support for key sectors including foreign trade, private enterprises, technology, and consumer industries. We enhanced technology-driven capabilities and digital empowerment, promoted active credit granting service model, optimized the business processes, continuously built the inclusive finance and rural revitalization brand and product system and actively built the “credit+” service model, providing one-stop comprehensive financial services for small and micro enterprises. We expanded the supply of agriculture-related financial services via launching “Farmers’ Quick Loan” online unsecured lending product, and continuously strengthened financial support for key areas such as food security, wealth-generating industries, rural development, and consolidation and expansion of poverty alleviation achievements. As at the end of the Reporting Period, the balance of inclusive loans for small and micro enterprises and agriculture-related loans reached 910.050 billion and 833.373 billion, representing an increase of 20.76% and 11.99%² compared to the end of the previous year, respectively.

— Ageing finance. The Bank anchored the goal of “building an elderly-friendly bank”, comprehensively promoted the improvement of the ageing finance service system, focusing on five key areas including finance for the ageing industry, pension finance, pension wealth management, pension consumer finance, and the enhancement of elderly-friendly financial services and rights protection. We actively supported the development of the ageing industry and the silver economy and continuously enriched

¹ The year-on-year growth rate is calculated using the adjusted figure at the beginning of the year.

² Same as footnote 1.

BUSINESS REVIEW

the supply of pension wealth management products, and the number of elderly-friendly products on sale and the scale of pension custody rank among the top in the industry. In collaboration with the Ministry of Civil Affairs, we launched innovative pilot programs and introduced products such as the Elderly Care e-Loan. As at the end of the Reporting Period, the Bank's loan balance for the ageing industry amounted to 6.762 billion, representing an increase of 49.12% compared to the end of the previous year.

— Digital finance. The Bank continued to strengthen the top-level design of digital finance, comprehensively enhanced the Bank's management of product innovation as well as the risk control of new products and new businesses. The Bank established a Digital Intelligence Operations Center to enhance centralized efficiency. We deepened the innovative application of digital technologies and data elements, deploying over 2,500 AI-powered intelligent assistants across scenes including inclusive retail services, risk-based credit granting, operations and customer services, and office administration and R&D. The Bank focused on strategic key areas and innovated digital products and services. Key products like Salary Pass, Cloud inter-bank, Treasury, and BOCOM e-Supervision achieved expanded coverage and increased usage. We deeply engaged in aviation trade digital chain development, launched the BOCOM Shipping-Trade platform to support one-stop online foreign trade financial services. The digital RMB measurement framework and interest calculation conversion were successfully implemented and launched. Trading activity level on the multilateral central bank digital currency bridge remained among the highest in the market.

The Bank continued to build its distinctive strengths in wealth finance and trade finance. **In terms of**

wealth management, the Group fully leveraged its strength in universal financial services, attributable to its full array of financial service licenses, to continuously strengthen the end-to-end wealth management capabilities across investment research, product selection, asset allocation, and client engagement. We provided clients with a suite of financial products and one-stop financial services, and launched digital precision marketing through the marketing middle office and client manager work platforms, enhancing the accessibility and coverage of wealth management services. As at the end of the Reporting Period, the Bank served 6.88 million customers holding wealth management products and the balance of wealth management AUM was 2.16 trillion, an increase of 10% compared to the end of the previous year. During the Reporting Period, the Bank was honored with multiple awards, including the "2025 Bank Wealth Management Brand Award". **In terms of trade finance**, we continuously iterated the product system comprising "basic products + online products + instant financing products", and innovated distinctive "chain finance" solutions. During the Reporting Period, the volume of supply chain finance business reached 676.036 billion, representing a 9.64% year-on-year growth. We continuously enhanced the quality and efficiency of cross-border trade services, and innovatively launched the "BOCOM Shipping-Trade" platform, which contributed to a 7.61% year-on-year increase in cross-border business revenue.

Leveraging the advantage as a Shanghai-based bank. Starting from strengthening financial service functions, the Bank was committed to reshaping the service model and business processes with the "one thing" mindset and digital means, fully supporting building Shanghai into "five centers" and bolstering Shanghai's high-quality economic and social development.

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Column

Intensifying the Advantages of Shanghai Home Base to Empower High-quality Development

As the only large state-owned bank headquartered in Shanghai, the Bank clearly put forward the “Shanghai-based bank” strategy in the 14th Five-Year Plan, and supported the construction of Shanghai’s “five centers” with financial strength. Driven by the dual wheels of “top-level design + resource aggregation”, the Bank fully coordinated the Group’s resources, gave full play to the advantages of comprehensive operation and globalized services, built the “Shanghai-based bank” into an “innovation source” for high-quality development, and drove the high-quality development of the entire Bank.

Focusing on the construction of Shanghai Science and Technology Innovation Center. Based on Shanghai’s industrial layout and characteristics, the Bank increased support for the technology industry, gave play to the Group’s advantage of full financial licenses, and focused on improving the full-cycle comprehensive services of “stocks, loans, debts, leases and trust”. With the head office-level sci-tech finance center (Zhangjiang) as the core carrier, the Bank jointly built 8 sci-tech finance service stations with regional technology element institutions. The Bank jointly built the “BOCOM Sci-Tech Innovation Shanghai Joint Innovation Laboratory” with the Shanghai Municipal Science and Technology Commission and the Shanghai Science and Technology Innovation Center. The Bank launched an action plan for Shanghai’s three pillar industries (integrated circuits) and supported a number of key municipal integrated circuit projects. Seizing the opportunity of the expanded pilot of financial asset investment companies, the Bank established the Shanghai-based bank Sci-Tech Innovation Theme Fund to improve the comprehensive service capacity for scientific and technological innovation.

Deeply integrating into the construction of Shanghai’s financial market. During the Reporting Period, the Bank completed transactions totaling 1.65 trillion under Bond Connect and Swap Connect. The Bank expanded the global network layout of the Cross-border Interbank Payment System (CIPS) and promoted the application and deployment of innovative products. The Bank’s fiduciary clearing volume of the interbank factor market and the settlement volume of the securities and futures factor market remained at the forefront of the market. The Bank supported the construction of Shanghai’s new asset management platform and participated in initiating the establishment of Shanghai Guozhi Technology Co., Ltd.

Fully serving Shanghai’s high-level opening-up. The Bank implemented the requirements for the digital development of Shanghai’s shipping and trade, developed and launched the BOCOM Shipping-Trade platform and the Foreign Trade Fast Loan product, and established a dedicated service zone for import and export customers. The Bank accelerated the expansion, quality improvement and scale growth of electronic bills of lading, electronic letters of credit, Shanghai Trade Batch Loans, document duplicate checking, Shipping Manager (COSCO Version) and other services. The re-lending for shipping and trade blockchain letters of credit and the financing for bulk commodities on the Nonferrous Metals Network platform ranked among the top in the industry.

Actively supporting the construction of Shanghai as an International Consumption Center City. Focusing on the full scenario of “air entry – ground transportation – accommodation consumption – cultural tourism experience”, the Bank created a full-chain payment solution. As the exclusive acquirer, the Bank supported the “Flash Pass” project of Shanghai Shentong Metro and Maglev, improving the convenience of direct card swiping for domestic and foreign bank cards to enter the station. The Bank continued to promote digital RMB, and as the only selected banking institution, drove the gate renovation of Shanghai Shentong Metro and Shanghai Maglev.

As at the end of the Reporting Period, the growth rates of RMB deposits and loans in Shanghai were approximately 6% and 16% respectively; the growth rates of RMB deposits and loans in the Yangtze River Delta region were approximately 6.3% and 12% respectively, and institutions in the Yangtze River Delta region contributed nearly half of the Group’s profits.

In the future, the Bank will further advance the development of the “Shanghai-based bank”, continue to increase resource input, give full play to the innovative demonstration role of Shanghai, and lead and drive the high-quality development of the entire Bank.

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2. Corporate Banking

- ◆ We focused on advancing the “five priorities”, served as the main force in serving the real economy, and drove both an increase in the total volume of credit disbursement and an optimization of its structure. As at the end of the Reporting Period, the Group’s corporate loans balance was 6,043.810 billion, increased 8.57% from the end of the previous year.
- ◆ We served national strategies and supported the development of key areas. We actively and thoroughly implemented the national key regional strategy by establishing a regional evaluation system covering dimensions including customer base, key sectors, value creation, and distinctive business lines. This system helped enhance the quality of serving key regions including the Beijing-Tianjin-Hebei region, Yangtze River Delta, and Guangdong-Hong Kong-Macao Greater Bay Area. The institutional mechanisms and product systems serving these key regions were continuously being refined. As at the end of the Reporting Period, the balance of loans extended in the three key regions including the Yangtze River Delta, the Guangdong Hong Kong-Macau Greater Bay Area and the Beijing-Tianjin-Hebei Region amounted to 4,925.052 billion, increasing by 6.59% over the end of the previous year and accounting for 53.99% of the Bank’s total loans.

(1) *Sci-tech financial services*

The Bank continued to optimize the multi-tiered sci-tech financial services system, jointly building an ecosystem of financial service scenes to provide technology-based enterprises with full-cycle, end-to-end, and relay-style financial services.

BUSINESS REVIEW

Column

Finance Embracing “Innovation”, Serving High-level Sci-tech Self-reliance and Self-strengthening

The Bank has always regarded doing a good job in sci-tech finance as an important measure to practice the political and people-oriented nature of financial work, continuously optimized the multi-level service system of sci-tech finance, provided full-cycle, end-to-end, and relay-style financial services for sci-tech innovation enterprises, and promoted the establishment and improvement of a financial service system highly compatible with the realization of high-level sci-tech self-reliance and self-strengthening and the construction of a strong sci-tech powerhouse.

Strengthening top-level design and improving the multi-level sci-tech finance service system. At the Head Office level, the Bank established a logical head office-level sci-tech finance center and a sci-tech finance committee covering front, middle and back-office departments and subsidiaries, which jointly promoted the resolution of difficulties and bottlenecks in the advancement of sci-tech finance. At the branch level, 35 branches set up special promotion institutions for sci-tech finance (Sci-tech finance department/center/special class/flexible team). At the sub-branch level, the total number of sci-tech sub-branches and sci-tech featured sub-branches exceeded 100. Action measures to promote the high-quality development of sci-tech finance were formulated, focusing on six aspects: optimizing organizational mechanisms, upgrading credit service systems, expanding direct financing channels, building innovation promotion mechanisms, improving Group collaboration efficiency and strengthening support and safeguards, so as to improve work efficiency and enhance overall collaboration capacity across the Bank.

Improving differentiated policies and building an efficient credit service system. Taking the “Ke Chuang Yi Dai (literally, Sci-Tech Loan Easy)” product line as the starting point, The Bank provided corresponding solutions for small and micro sci-tech enterprises according to the characteristics and needs of different development stages. For start-up enterprises, the Bank launched the “Sci-Tech Talent Loan”, which took talent qualifications as evaluation factors, changed the mortgage model and solved financing difficulties. For growth-stage enterprises, the Bank created the characteristic “Sci-Tech Scenario Loan” product, which integrated local government data and policies to increase credit lines. To meet the high-limit and online financing needs of mature enterprises, the Bank provided the “Sci-Tech Quick Loan” with industry-leading credit lines. The Bank actively promoted the proactive credit granting service model, used technologies such as big data, privacy computing and data sandbox to pre-calculate pre-approved credit lines for enterprises, realizing proactive credit “delivery” to enterprises.

Strengthening Group-wide collaboration and boosting direct financing through “equity, debt and leasing”. The Bank gave full play to the full financial license advantage to help technology-based enterprises with direct financing. BOCOM Investment launched the “New Seedling Plan”, guiding various venture capital funds and industrial funds to gather various financial capitals toward technology-based enterprises in the fund-raising and investment links; it strengthened all-round cooperation with national-level funds such as the “National Small and Medium Enterprises Development Fund” and provided investment-loan linkage services. The Bank improved a package of services such as bond underwriting, investment, market making and credit enhancement, promoted the innovative development of sci-tech innovation bond products, further enriched the sci-tech innovation bond product system and expanded coverage. Bank of Communications Financial Leasing launched “Quick Easy Lease” and “Credit Easy Lease” products to meet the four types of equipment needs of technology-based enterprises: purchase, use, maintenance and sale.

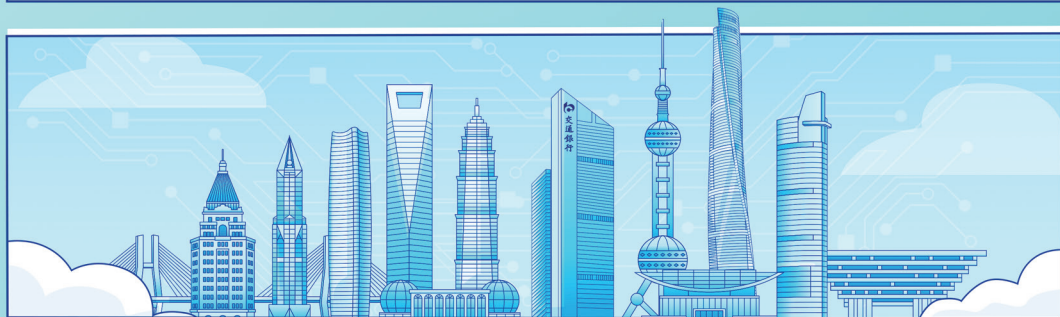
Strengthening channel and system construction to fully support innovation entities. The Bank jointly launched the “Five Ones” (i.e. one visit, one enterprise-bank meeting, one financing roadshow, launch one batch of financing products and form one batch of duplicable experiences) Special Action of visiting thousands of enterprises and households with the Torch Center of the Ministry of Industry and Information Technology (MIIT). Taking key high-tech parks as a breakthrough, the Bank held a series of “Torch Empowerment, Integration of Sci-tech and Industry” themed bank-enterprise matchmaking events in 29 provinces and cities across the country, and built an innovative service platform with multi-party collaboration of “government, bank, park and enterprise”. The Bank independently developed the “1+N” technology-based enterprise evaluation model, which scored and evaluated enterprises’ sci-tech innovation capabilities and technological content through five dimensions: human capital, R&D capabilities, social recognition, business performance and industry status, by combining expert experience and model algorithms, so as to improve the efficiency of sci-tech finance services.

As at the end of the Reporting Period, the balance of sci-tech loans amounted to 1.58 trillion, an increase of 10.73% from the end of the previous year. Among them, the growth rates of loans to “Specialized, Refined, Distinctive and Innovative” small and medium-sized enterprises (SMEs) and technology – based SMEs were 21.02% and 36.29% respectively.

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(2) Inclusive services for small and micro enterprises

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, enhanced the on-line service capability the “Zhanye e-Loan” and “Yinong e-Loan” product series, restructured offline service processes, drove the transition from product-level credit approval to customer-level credit approval, strengthened the support for loan renewals, and achieved comprehensive coverage across all products and processes. We thoroughly implemented the “Scan-to-Access” and “Weekly Rewards” initiatives, promoted active credit granting and the “Credit+” service model. We strengthened the coordinated development of inclusive finance and sci-tech finance, and expanded the “Science and Technology Innovation Easy Loan” product line tailored for technology-based small and micro enterprises. We accelerated data-driven empowerment to further enhance digital risk management capabilities, strengthened post-loan management and compliant operations, and strictly adhered to risk and compliance standards.

As at the end of the Reporting Period, the balance of inclusive loans to small and micro enterprises reached 908.435 billion, an increase of 19.21% compared with the end of the previous year. The number of customers with outstanding loans stood at 495,700, an increase of 79,500 compared with the end of the previous year

(3) Industrial chain financing services

Based on the needs of modern industrial system construction and development, the Bank focused on key customer groups such as central state-

owned enterprises, strategic customers and local leading enterprises, increased support in key areas such as manufacturing, scientific and technological innovation and green development, and helped the real economy to strengthen, supplement and extend the chain. We increased the iterative optimization and market promotion of the Bank’s self-built “smart transaction chain” platform, continued to promote the docking with core enterprises and third-party supply chain platform systems, and created a digital scene service feature of industrial chain finance. We launched the financing product line enabling the loan approvals within seconds, enabled technology to improve service efficiency, optimized customer experience, and enhanced the level of financial digitalization in the industrial chain. During the Reporting Period, the financial business volume of the industrial chain reached 676.036 billion, increasing by 9.64% year-on year. There were 60,900 upstream and downstream enterprises in the service industry chain, increasing by 8.95% year-on-year.

(4) Customer development

The Bank deeply integrated into national development strategies and regional industrial layouts, steadfastly implemented a “customer-centric” service philosophy. Guided by the overarching goal of “strengthening medium-sized customers, stabilizing large customers, and expanding small customers”, we prioritized the Customer Base Enhancement Project, continued to implement tiered and segmented management of corporate clients and built a refined and professional service system to elevate bank-enterprise relationships and create shared value. As at the end of the Reporting Period, the total number of corporate customers of domestic branches was 3.07 million, representing an increase of 7.92% over the end of the previous year.

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For group customers, we intensified services and support for key clients in strategic national sectors such as sci-tech finance, manufacturing powerhouse, green development, digital economy, and domestic demand expansion. We established a group-wide integrated collaborative service mechanism, continued to optimize policy provision and business processes, enhanced professional service standards and strengthened the Group's collaborative operating capabilities. As at the end of the Reporting Period, the Group was home for 134,400 group customers, an increase of 22,600 from the end of the previous year. In terms of government agency clients, 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. As at the end of the Reporting Period, the Group served 84,000 government agency clients, an increase of 3,324 from the end of the previous year. In terms of small and medium-sized clients, we comprehensively upgraded the support of digitalized financial services to achieve full-channel online customer engagement. We explored the creation of online corporate loan products, established an online strategy platform and a centralized operational mechanism, systematically advanced online bulk operations while ensuring seamless integration with offline branch services, and enhanced customer service quality and efficiency through multiple channels.

(5) Scene construction

Targeting the four major corporate payment and settlement scene needs in the real economy, livelihood economy, platform economy, and park economy, the Bank launched the "Win-to Account Management" brand service solution to provide integrated business-finance solutions for fund settlement and operation management, serving over 50,000 corporate customers with

transaction volumes exceeding 2.2 trillion during the Reporting Period. Focusing on the Group's core needs of corporate treasury and financial management, we upgraded and launched the "Win-to Treasury Management System (Cloud Cross 3.0)". based on Win-to Treasury "1+3+N" service system, which has cumulatively provided integrated cross-bank fund management services, including account management, corporate-bank payments, payroll disbursement, and cross-border settlements, to more than 2,500 corporate clients, establishing a differentiated service advantage with a leading position in the industry. Driven by data empowerment, we upgraded the "BOCOM Power Grid Connect" 2.0 one-stop scene solution. On the foundation of existing scenes including power construction, electrical engineering, power generation, billing, and electricity consumption, we added charging station scene services and online electricity-fee quick-loan products for power-consuming enterprises. During the year, we acquired 3,826 new clients and issued 78.657 billion in financing. Based on the BOCOM e-supervision digital integrated service platform, we delivered penetrative fund supervision capabilities to government affairs and public welfare scenes, providing users with secure, flexible, precise, and efficient full-cycle fund supervision services. To date, we served 6,521 projects. Credit+Medicare service was available in 112 cities including Shanghai, Dalian, Guangzhou, Xiamen, and Zibo, introducing a "treatment-before-payment" model that addressed the difficulty of long queues for medical care.

(6) Investment banking

The Bank proactively served the national strategies and integrated into its offerings diversified investment and financing products such as domestic and overseas bonds, equities and M&A financing, and actively served technological innovation, green low-carbon, high-level opening up, and regional

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development strategies. Seizing the opportunities of pilot policies, the Bank launched tech enterprise M&A loans, established Jiaorong New Seed Fund and Shanghai Jiaorong Continuation Fund, and participated in the establishment of the Shanghai Industrial Transformation and Upgrading Fund Phase II. During the Reporting Period, the Bank's scale of underwriting of debt financing instruments issued by non-financial enterprises amounted to 155.125 billion.

(7) Ageing finance

Aiming to build “an elderly-friendly bank”, the Bank endeavored to build a business system that was friendly in terms of products, channels, services, workforce and ecosystems, fortifying the business foundation characterized by stable service entities, stable product access, stable portfolio strategies, stable property security, and stable service quality. The Bank comprehensively built an elderly care ecosystem and integrated financial services into the ecosystem.

Financial support for the ageing industry continued to be promoted. In collaboration with the Ministry of Civil Affairs, we launched pilot programs for innovative ageing finance in 11 cities. In Shanghai, we introduced the online product “Elder Care Loan” with the launch and roll-out of a guaranteed lending model. We 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 amounted to 6.762 billion, representing an increase of 49.12% compared to the end of the previous year. We directed the Group's investment and financing resources toward the elderly care sector, serving as the lead underwriter for the first bond in the inter-bank market specifically supporting the ageing

industry: “Hubei Culture and Tourism Group Co., Ltd. 2025 First Tranche of Targeted Debt Financing Instruments (Supporting Ageing Industry)”.

The scale of pension financial services grew rapidly. We vigorously promoted social security cards, annuities, and personal pension services, conducting over 160 themed events under the “BOCOM Pension Services to Ten Thousand Enterprises” initiative. We continued to enhance account management and custodial services for the National Social Security Fund, basic pension insurance funds, and corporate (occupational) annuities. The Bank's pension fund custody volume amounted to 3.41 trillion, maintaining a leading position in the industry.

Financial supply of ageing wealth management was enriched. The Bank continued to optimize its “Elderly Care Select” brand, offering 382 age-friendly products and 241 personal pension products covering the gamut of the four major categories including deposits, wealth management, mutual funds, and insurance. It provided 174 pension insurance products with a maximum enrollment age of 70 or above. Leveraging our universal banking strengths, we maintained 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 the financial support for ageing consumption. The Bank relaxed the age restrictions for auto loans and credit cards for senior-aged customers and offered benefits such as payment discounts and exclusive travel services for senior-aged customers in selected regions to stimulate silver-haired consumption.

Financial services became more elderly-friendly. The Bank designated 160 branch-level senior-friendly outlets, enhancing age-friendly facilities and services.

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We continued to optimize the “Elderly Care Edition” of Mobile Banking, BOCOM On-cloud and other on-line channels, enabling senior-aged users to handle transactions online without leaving home. We also continued to provide anti-fraud and anti-scam education for senior-aged customers.

First steps were made to build the ageing finance ecosystem. We have implemented prepaid fund supervision services for senior care facilities across multiple regions nationwide, safeguarding the “wallets” of the elderly people. We have partnered with selected areas to cultivate advanced senior care professionals and develop model senior-friendly communities. Centering on core lifestyle needs including healthcare, nutrition, housing, transportation, recreation, wellness, and education, the Bank made efforts to build an integrated “senior care + financial services” ecosystem.

3. Personal Banking

- ◆ Personal deposits maintained volume growth while interest rates declined. The Bank actively adapted to market changes by strengthening the expansion of source funds such as payroll disbursements and social security payments. It enhanced the portfolio allocation of short – and long-term deposits alongside wealth management products, driving steady growth in deposit operations. Through refined management and improved comprehensive customer service capabilities, the Bank continuously optimized deposit structure and reduced interest expense. As at the end of the Reporting Period, personal deposit balances reached 4,059.392 billion, representing an 8.84% increase from the end of the previous year. During the Reporting Period, the average cost rate of personal deposit decreased by 36 basis points year-on-year to 1.82%.

- ◆ Personal loans maintained steady growth. We resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, adhering to the combined targets between improving people’s livelihoods and boosting consumption. By addressing both supply and demand sides, we intensified our efforts to implement the special campaign to stimulate consumption. Under the premise of controllable risks, we increased loan disbursements and continuously innovated our product system through digital means to better meet customers’ financial needs in the consumption sector. As at the end of the Reporting Period the balance of personal loans reached 2,835.038 billion, representing a 3.00% increase from the end of the previous year.
- ◆ Retail customer base continued to expand. We continuously strengthened our customer base, refined our tiered and segmented customer service system, and advanced omnichannel customer acquisition and engagement through online and offline channels. Addressing customers’ diverse and multi-level needs, we established a unified retail customer points and benefits platform across the entire bank. As at the end of the Reporting Period, the number of retail customers at domestic branches reached 205 million (including debit card and credit card customers).

(1) *Wealth management*

The Bank continuously enhanced the full-chain wealth management capabilities – spanning investment research, product selection, allocation, and engagement – to diversify channels to increase property income for urban and rural residents and advance common prosperity. We enhanced investment research capabilities by integrating Group-wide resources, and proposing asset allocation recommendations. We enhanced product selection capabilities by prioritizing collaborations

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with leading high-quality companies and continuously building the “OTO Choice” brand. “OTO Choice” funds and wealth management products consistently outperformed market averages. We strengthened asset allocation capabilities by publishing quarterly asset allocation recommendations and continuously optimizing our wealth management system to provide personalized asset allocation services to customers. The Bank prioritized genuine customer engagement and service delivery, launching initiatives such as the wealth management in “100 Cities and 10,000 Households” and “OTO Wealth Management Tour Across Ten Thousand Miles” to bring wealth management services to households nationwide. During the Reporting Period, the balance of personal public funds products on consignment was 230 billion, the balance of personal wealth management products on consignment was 1,022.5 billion, the balance of insurance products on consignment was 374 billion. Revenues from the sales of wealth management products, mutual funds and precious metals increased by 19.43%, 15.84% and 33.18% year-on-year respectively.

(2) Personal lending

The Bank actively met residents’ essential and upgrading housing needs by deepening strategic cooperation with high-quality key channels, advancing full-process functional optimization, and promoting a lightweight mobile application model. During the Reporting Period, personal housing loans extended amounted to over 180 billion, meeting the housing demands of nearly 180,000 households. As at the end of the Reporting Period, the outstanding balance of personal housing loans stood at 1,442.452 billion, a decrease of 1.65% compared to the end of the previous year.

The Bank actively aligned with the national initiative to boost consumption, innovating and iterating its

product offerings. By seizing opportunities presented by fiscal interest subsidy policies, expanding payment channels for consumer loans, enhancing the customer experience in utilizing interest subsidy features, and deepening digital operations, the Bank better met residents’ diverse consumer credit needs. We vigorously supported residents’ automobile consumption by optimizing auto loan business processes, continuously enhancing product capabilities, and strengthening head-to-head cooperation with mainstream automotive brands. During the Reporting Period, 1.4642 million customers signed fiscal interest subsidy agreements, covering 3.2101 million eligible loan contracts with a total subsidized consumption amount of 16.25 billion. By the end of the Reporting Period, outstanding personal consumer loans reached 395.731 billion, representing a 19.82% increase from the previous year-end. Focusing on the financing needs of business entities, we implemented our personal business loan product system. For customers in specialized markets and supply chain-related businesses, we innovatively launched scene-based products such as Shang Quan Hui Dai (literally, Business Circle Loan) and “Lian Xiang Hui Dai” (liberally, Supply Chain Loan) to precisely serve niche customer segments. As at the end of the Reporting Period, the outstanding balance of personal business loans reached 462.27 billion, an increase of 11.76% compared to the end of the previous year.

The Bank accelerated the digital and intelligent transformation of retail lending, continuously strengthened the construction of its risk control middle platform, and launched the “AI+” initiative. Scene applications covered the entire loan lifecycle – pre-lending, during-lending, and post-lending – supporting product innovation and business model upgrades. Fully leveraging the value of internal and external data, the Bank established a risk feature tag

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library with 25,000 variables. Approximately 2,000 new variables were added during the Reporting Period, contributing to the steady enhancement of risk prevention and control capabilities. The Bank developed over 100 risk models, adding 31 new models during the Reporting Period. The predictive capabilities of newly iterated models improved by an average of over 25%. The Bank was awarded the first prize in the team category at the National Financial Industry Digital Transformation Skills Competition organized by the All-China Financial Workers' Federation.

(3) Private banking

The Bank remains committed to a customer-centric approach, advancing the digitalization and comprehensive management of its private banking customer base. We organized customer activities centered on preserving China's outstanding traditional culture and promoting Chinese civilization, such as "Cultural Continuity through the Past and Present", "Visiting Prestigious Universities" and "Scholarly BOCOM". The Bank enhanced the investment research service system, continuously curating high-quality products for clients to precisely match their diversified asset allocation needs and support steady asset appreciation. The Bank guided wealth toward positive impact by hosting the "Blue Balloon Charity • Wealth for Good" launch event, elevating the Bank's influence in philanthropic initiatives. We innovated and implemented multiple service models, including commercial pensions, direct payments for retirement communities, and retirement charitable trusts, achieving a 40.55% year-on-year growth in family wealth management business scale. As at the end of the Reporting

Period, the Group was home for 105,100 private banking customers, representing an increase of 11.62% from the end of the previous year. Assets of private banking customers under the Group's management totaled 1,430.128 billion, representing an increase of 10.39% from the end of the previous year.

(4) Credit cards

The Bank continuously enriched card benefits and consumption scenes to boost spending and improve people's livelihoods. In 2025, we launched inclusive cardholder activities including "Lucky Draw for Spending", "Cultural Tourism & Travel Rewards Draw", "Championship Battle" and "Fortune Arrives". We refreshed and upgraded our flagship "Super Red Friday" marketing campaign to cover high-frequency spending areas like shopping, fueling, and travel. Leveraging the "County-Level Stores Bringing Benefits to People" initiative, we tapped into the untapped potential of county-level consumption. We vigorously supported service consumption, contributing to the development of five major international consumption hub cities. As at the end of the Reporting Period, the balance of credit card loans of domestic branches reached 531.224 billion³. The Bank intensified financial support for auto mobile consumption. By the end of the Reporting Period, the balance of auto installment loans was 117.642 billion, increasing by 23.19% compared to the end of the previous year. The number of auto installment loan customers rose by 39.55% year-on-year to 1.0056 million. As at the end of the Reporting Period, the number of credit cards in force totaled 57.9935 million. During the Reporting Period, credit card spending volume amounted to 2,183.782 billion.

³ The outstanding credit card overdraft balance of domestic institutions includes the outstanding loan balance of personal credit cards and corporate government credit cards.

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The Bank continued to promote the transformation and reform on the localized operation of credit card. By the end of the Reporting Period, 38 branches had fully assumed local credit card management responsibilities. Compared to pre-transformation levels, the number of the incremental active local accounts, the share of high-quality customers among newly issued cards, and the number of customers using scene-based installment services increased by 140%, 1.3 percentage points, and 155%, respectively.

(5) Retail customers and retail assets under management (AUM)

The Bank strengthened refined management of the entire retail customer base, deepened tiered and categorized customer operations, promoted steady growth of private banking, OTO Fortune, mid-tier, and basic customers, implemented a customer base enhancement initiative, and strengthened integrated operations for key customer segments such as payroll customers, senior-aged customers, social security customers, merchants, and new urban residents, forming a systematic payroll-driven development model. Based on customer characteristics, we precisely matched differentiated products, benefits, channels, and engagement approaches, enhancing comprehensive customer service capabilities, meeting customers' diversified financial needs, and expanding both the breadth and scale of the customer base. We enhanced digital tool platforms, and refine online-offline synergy mechanisms. As at the end of the Reporting Period, domestic branches served 205 million retail customers (including debit and credit card holders), representing a 3.09% increase from the previous year-end. Among these, 2.8999 million were OTO Fortune customers, growing by 9.31% from the end of the previous year. Retail AUM totaled 5.9784 trillion, growing 8.91% from the end of the previous year.

(6) Payment and scenes

The Bank earnestly implemented the decisions and arrangements of the CPC Central Committee and the State Council regarding promoting consumption. We strengthened organizational support, enhanced financial backing in the consumption sector, enhanced basic financial services, and deepened innovation in financial products and services. In collaboration with major e-commerce platforms and key commercial district merchants nationwide, we focused on high-frequency consumption scenes such as cultural tourism, dining, shopping, travel, and e-commerce to launch diverse marketing campaigns. We launched the "Cultural Tourism Grand Show" project to continuously enhance cultural tourism consumption scenes, establishing a comprehensive customer benefits system covering "dining, accommodation, transportation, sightseeing, shopping, and entertainment". A series of offline customer activities were unfolded under the Cultural Tourism Grand Show project.

The Bank continued to enhance payment convenience for both domestic and international individuals by launching the BOCOM version of "Instant Tax Refund" financial service solution. It has successively rolled out tax refund services for outbound tourists in Hunan, Hainan, Shanghai, and other regions. Payment services were continuously optimized, along with improvements to the bank card acceptance environment, comprehensively elevating customer payment experience. During the Reporting Period, the coverage rate for foreign card acceptance at key merchants in priority regions and industries remained at 100%. We expanded the scope of Credit+Medicare service to cover 1,445 medical institutions across 112 cities. We provided agency settlement services and related value-added services for China Development Bank's student loans to financially disadvantaged students

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in higher education institutions across 13 provinces (autonomous regions and municipalities), serving over 2.05 million students cumulatively over three years. We offered new resident groups dual-card credit and debit card services, card-related benefits, and exclusive products. As at the end of the Reporting Period, the cumulative issuance of New Resident-themed debit cards reached 3.2422 million.

4. Inter-bank and Financial Market Business

- ◆ The Bank actively served the development of a modernized financial system construction, intensively participated in the development of financial markets including bond market, money market and foreign exchange market within China, strengthened its market making and quotation capabilities, deepened business 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 assists the inter-bank market in enhancing settlement efficiency by extensively expanding services such as central counterparty agency clearing and foreign exchange settlement banking. The Bank facilitated the injection of long-term stable capital, including insurance funds, into the gold market, with Shanghai Gold Exchange's custodian bank services ranking among the top in the market for insurance-category member cooperation. 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 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 scenes 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. As a digital RMB operating institution, we supported partner banks in exploring digital RMB applications across cross-border transactions, financial markets, and other domains.

(2) Financial market business

The Bank effectively fulfilled its role as a mainstay in serving the real economy and a ballast in maintaining financial stability. By comprehensively utilizing investment and trading tools, the Bank supported financial needs in major strategic initiatives, key sectors, and vulnerable areas, thereby contributing to high-quality economic and social development.

The Bank fully leveraged its role as a major state-owned financial institution, actively engaging in market-making and trading activities. It continued to maintain its position as an active trading bank in the market, contributing to the formation of the "Shanghai Price". During the Reporting Period, the

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RMB money market trading volume of the Bank's domestic branches totaled 114 trillion, the foreign currency money market trading volume USD1.35 trillion, the RMB cash bond trading volume 6.99 trillion, the inter-bank foreign exchange trading volume USD4.10 trillion, the proprietary gold trading volume 2.41 trillion, continuing to defend its position as an active market trader. During the Reporting Period, the Bank became one of the first market makers for bond repurchase transactions under the Northbound Bond Connect program and among the first to conduct trading of new gold contracts on the Shanghai Gold Exchange in Hong Kong. We intensified trading operations to support the "five priorities", launching the "BOCOM-JPMorgan Fund Joint Classification Catalog Green Bond Basket". We pioneered credit derivative transactions referencing technology-based enterprises and implemented the first specialized inter-bank loans supporting green business initiatives.

(3) Asset custody

Leveraging the role of custodial financial infrastructure to support stable financial market operations, we successfully obtained qualification as a custodian and clearing bank for the Bond Connect Southbound program. Embracing the "Custody+" service philosophy, we harnessed the Group's integrated operation advantages and custodial service advantages to enhance synergy and resource integration. Centering on customer demand chains and value chains, we deliver comprehensive one-stop services. In terms of serving ageing finance, we optimized services for the first pillar of senior care, developed custody service for the second

pillar such as corporate pension plans, strengthened foundational services, and enriched value-added services. Coverage of corporate pension plan custody continued to expand, while we actively pursued the implementation of more third-pillar custody products. In terms of serving technology finance, we seized opportunities arising from the establishment and expansion of national and regional industrial investment funds. Using private equity fund custody as a lever, we leverage integrated "stocks, loans, debts, leases and trust" services to provide financial support throughout the entire lifecycle of technology innovation enterprises. The Bank intensified cooperation with high-quality fund companies, jointly seizing market opportunities through collaborative product innovation and forward-looking positioning. The number of newly issued public funds increased significantly, with innovative products such as the first batch of floating management fee products and free cash flow ETFs in the custody market. The Bank enhanced digital custody capabilities with the latest upgrading of the custody system and online client service platform system. The Bank diligently performed the duties as a custodian through adhering to the compliance standards for custody operations and continuously optimizing the risk control mechanisms. No major risk incidents occurred throughout the year.

As at the end of the Reporting Period, the total assets under custody reached 18.26 trillion, including 3.41 trillion in pension funds, 2.18 trillion in securities investment funds, and 1.97 trillion in insurance funds, growing by 2.69 trillion from the end of the previous year.

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5. Universal Banking 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 subsidiaries⁴ earned a net profit attributable to shareholders of the parent company of 10.094 billion, representing 10.56% of the Group's net profit. As at the end of the Reporting Period, total assets of the subsidiaries stood at 775.842 billion, representing 4.99% of the Group's total assets.

Bank of Communications Financial Leasing Co., Ltd. As the Bank's wholly-owned subsidiary, the company was set up in December 2007 with a registered capital of 20.0 billion. The main business scope includes financing leasing and operating leasing in sectors such as aviation, shipping and energy power, transportation infrastructure, equipment manufacturing and livelihood services. The company 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. The company adhered to the development strategy of "specialization, internationalization, differentiation and specialization", and deepened its efforts in shipping, aviation, equipment leasing and other business sectors. As at the end of the Reporting Period, total assets were 456.293 billion, and the balance of leasing assets

was 401.332 billion. The balance of net assets was 52.461 billion. The company owned and managed 434 ships. The balance of aircraft charter assets amounted to 161.051 billion, ranking first among its peers in terms of leasing assets. The company also had a fleet of 320 planes and a balance of aviation leasing assets amounting to 101.166 billion. During the Reporting Period, the company generated operating income of 33.423 billion, representing a year-on-year increase of 3.89%; and net profit was 4.594 billion, representing a year-on-year increase of 5.20%. The Bank received a total of 44 prestigious awards.

During the Reporting Period, the company continued to deepen its transformation and innovation efforts, with new infrastructure and new energy leasing operations accounting for over 70% of equipment leasing deployments. We actively supported high-level technological self-reliance and self-strengthening, with the technology leasing business balance reaching 65.231 billion. The number of existing technology enterprise clients increased by 17.39% compared to the beginning of the year. We were the first in the industry to achieve full coverage of leasing business for all four categories of newly expanded SPV equipment types in the Lingang New Area. Through the Shanghai Financial Leasing Transfer Center, the company successfully completed new energy financial leasing and operating leasing asset transfer projects, both certified as industry firsts. The company continued to deepen transformation and innovation. By the end of the Reporting Period, operating leasing assets accounted for 53.48% and direct leasing business accounted for 61.49%, both maintaining industry-leading positions.

⁴ Excluding Bank of Communications (Luxembourg) S.A., Bank of Communications (Brazil) Co., Ltd. and Bank of Communications (Hong Kong) Limited, same applies hereinafter.

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During the Reporting Period, the company coordinated with 31 provincial branches of the bank to achieve a financing scale of 49.53 billion; continued promotion of the Group's "Digital Chain Financial Leasing" business products, with the successful implementation of the Company's first "Smart Easy Lease" project; collaborated with the Bank's Shanghai Branch to execute the Company's inaugural zero-carbon hydrogen ammonia leasing transaction; signed a tripartite strategic cooperation agreement with Fengfei Aviation Technology and the Bank's Suzhou Branch, effectively supporting the high-quality development of the low-altitude economy; In collaboration with the Bank's Henan Provincial Branch, the company completed its first manufacturer leasing transaction in the coal machinery sector; worked with the Bank's Guangxi Regional Branch, it executed its first productive biological asset finance lease project; and concluded its first green RMB inter-bank loan with the Bank's Financial Markets Department to specifically support green data center construction. With support from the Bank's Financial Markets Department and Hong Kong Branch (Subsidiary), the company successfully issued the world's first leasing company Yulan Bond.

Bank of Communications International Trust Co., Ltd. The company was set up in October 2007 with a registered capital of 5.765 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. As at the end of the Reporting Period, the total assets were 20.457 billion, the net assets were 17.660 billion and the

trust assets under management of the company amounted to 730.601 billion, representing a year-on-year increase of 10.78%. The company's net profit was 809 million during the Reporting Period.

During the Reporting Period, the company fully leveraged its trust functional strengths and group synergies to deepen its focus on specialized business areas such as technology finance, green finance, and ageing finance. It established the Shanghai Sci-Tech Innovation S Fund of Funds to increase direct investment in hard technology projects, vigorously supporting technological innovation and the development of new productive forces. Through multiple channels including trust loans, bond investments, equity investments, and asset securitization, it supported green and low-carbon transformation, achieving a green finance balance of 6.991 billion. Leveraging trust capabilities, the Company implemented "Ruiyi" and "Yiyang" series retirement service trusts totaling 1.397 billion, addressing retirement client needs for wealth succession, retirement payment arrangements, and asset preservation and appreciation.

Bank of Communications Schroder Fund Management Co., Ltd. The company was set up in August 2005 with a registered capital of 200 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 total assets of 8.729 billion, and net assets of 7.554 billion, the AUM of public offering funds of 502.3 billion. During the Reporting Period, the company yielded a net profit of 765 million.

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During the Reporting Period, the company firmly implemented the decisions and arrangements of the CPC Central Committee and regulatory authorities on “vigorously promoting medium and long-term funds into the capital market” and “vigorously developing equity-based public offering funds”. Based on the requirements of *the Action Plan for Promoting the High-Quality Development of Public Offering Funds*, taking investor needs as the foundation, the company was committed to building the core competitiveness of “controllable risks, predictable returns and long-term development”, continuously creating stable returns, effectively enhancing investors’ sense of gain, and constantly enriching the supply of products and services. The number of newly issued active equity-containing products doubled in the whole year, and the newly issued scale increased by more than 300%. The company demonstrated its responsibility in optimizing customer service and built a rich and diverse investor education and accompanying service system. Through channels such as the company’s official subscription account, video account, APP, investment advisory service account and mainstream media, it continuously outputs easy-to-understand content around themes such as pension investment and market interpretation. Meanwhile, it carried out investor education activities in various scenarios such as cooperative outlets of consignment banks and universities, developed a series of online investor education accompanying courses, enhanced communication and service reach with investors, and helped investors establish correct investment concepts. Based on its functional positioning, the company made breakthroughs in serving the Group’s sci-tech finance strategy. By customizing the Shanghai-Shenzhen-Hong Kong Sci-Tech 50 Index, the company successfully issued the Sci-Tech 50 ETF fund.

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 8.0 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 increased by 8.09% from the end of the previous year to 1,748.9 billion. The company’s total assets and net assets were 15.620 billion and 14.899 billion, respectively. The company’s net profit during the Reporting Period was 1,571 million, representing a year-on-year increase of 17.32%.

During the Reporting Period, the company identified key growth areas for its wealth management services. By deeply integrating into the Group’s strategy and strengthening synergy in products, channels, assets and other aspects, the company continuously expanded its value contribution. During the Reporting Period, the company contributed 2.3 billion in synergistic revenue to the Group, representing an 18% year-on-year increase. It continuously advanced product innovation and investment research upgrades to build core competitiveness, supporting the Group’s wealth management business in achieving greater scale and strength. During the Reporting Period, the company successively won over 20 awards such as the Golden Bull Award, Golden Shell Award, Golden Wealth Management Award, and Jiepu Award. The

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company has conducted its “Books Bringing Light” initiative for six consecutive years and was selected as the “Seventh Annual Outstanding Brand Cases in Finance • Social Responsibility Annual Case” by *China Finance magazine*.

BOCOM MSIG Life Insurance Company Limited.

The company was set up in January 2010 with a registered capital of 5.1 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 174.559 billion and 9.879 billion, respectively. During the Reporting Period, the company based on its main business – insurance – effectively responded to market demands, positively optimize the business structure and further accelerated business transformation, and achieved a cumulative income of 2.511 billion from insurance services, representing a year-on-year increase of 13.50%. Meanwhile, operating revenue was 9.604 billion, representing an increase of 20.73% year-on-year; and net profit was 1,389 million, representing an increase of 35.82% year-on-year.

During the Reporting Period, the company leveraged its insurance expertise to actively integrate into the Group’s development strategy, continuously deepening its three core business pillars: inclusive insurance, retirement planning, and wealth management. Inclusive insurance coverage reached 366,000 individuals by year-end, with the company participating in the co-insurance of the city-customized commercial medical insurance “Shanghai Huibao” for the third consecutive year. The number of outstanding pension insurance policies exceeded

71,000 by year-end, with a total outstanding value of nearly 13.75 billion. The company underwrote over 31,000 individual pension insurance policies cumulatively. The company consolidated its long-term cooperation mechanisms with banks, enhanced its premium customer service brand, strengthened professional team development, promoted sales of wealth management insurance products, and continued to leverage the wealth protection and inheritance functions of life insurance.

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 15.0 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. As at the end of the Reporting Period, the company’s total assets and net assets were 78.761 billion and 28.08 billion, respectively. During the Reporting Period, the company’s net profit on the books amounted to 2,038 million.

During the Reporting Period, aligning closely with the guiding requirements of the Group’s 14th Five-Year Plan, the company 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 branch coordination mechanism and deepened inter-branch collaborative marketing, establishing a sound framework of two-way interaction, horizontal communication, synchronized advancement and retreat, and coordinated development between branch-recommended projects and company-implemented projects. Simultaneously, it actively

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explored a business model prioritizing “regions + industries, with industry tracks taking precedence”. Based on national technological industry development needs and head office policy guidance, it further focused on future key industry tracks and comprehensively enhanced investment research capabilities. The company actively enhanced its visibility in the “Shanghai home turf”, increasing investment efforts. During the Reporting Period, investments in Shanghai reached a record high, consolidating the effectiveness of serving the real economy. New manufacturing equity investments totaled 8.931 billion, accounting for over 50% of the annual investment. As at the end of the Reporting Period, the company had accumulated nearly 50 registered funds as a manager, with committed capital exceeding 30 billion, further boosting the momentum for its equity investment business development.

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 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. As at the end of the Reporting Period, the Bank contributed 73.14% shares of the company. During the Reporting Period, the company further focused its main business and responsibilities, adhered its functional positioning of serving the real economy, continuously strengthened risk control, focused on “increasing revenue, reducing costs, and strengthening capabilities” and endeavored to reduce operating losses. As at the end of the Reporting Period, the company had total assets of HKD14.988

billion and net assets of HKD938 million. During the Reporting Period, the company’s loss decreased year-on-year constantly, with a net loss of HKD266 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 HKD1.134 billion and net assets of HKD587 million. During the Reporting Period, the company realized a net profit of HKD8.73 million, representing a year-on-year increase of 28.79%.

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 leading mainland semiconductor companies, certain Hong Kong public hospitals, numerous Hong Kong environmental groups and community care organizations, as well as eco-friendly hotels. In response to the sudden fire in Tai Po, Hong Kong, the company immediately activated emergency response procedures and opened a green channel for claims settlement. 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, low-altitude economy, 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.

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6. Global Service Capabilities

- ◆ The Group has formed an offshore business network covering major international financial centers and spanning five continents. During the Reporting Period, the net profit of overseas banking institutions amounted to 11.157 billion, representing a year-on-year increase of 7.39%, accounting for 11.67% of the Group's net profit. As at the end of the Reporting Period, the total assets of overseas banking institutions amounted to 1,250.986 billion, accounting for 8.05% of the Group's total assets.

(1) Internationalization development

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

(2) Serving enterprises going global

We actively contributed to stable foreign trade. By establishing BOCOM Shipping-Trade Through platform, we provided one-stop cross-border settlement, financing, and risk hedging services. The Bank supported the development of new foreign trade models, implementing 24 new foreign trade projects. We have innovatively optimized cross-border settlement services for Silk Road ecommerce/cross-border e-commerce platforms, enabling small and micro foreign trade merchants on e-commerce platforms to receive export receipts in both domestic and foreign currencies based on electronic transaction information. We launched the "Foreign

Trade Quick Loan" online product, forming a digital service closed loop featuring "pure credit + fully automated process + automatic credit limit approval" to meet SME clients' financing and exchange rate hedging needs. We increased cross-border trade financing deployment, with financing balances as at the end of the Reporting Period up by 85.58% from the beginning of the year. During the Reporting Period, the Bank's international settlement volume reached US\$587.044 billion, a year-on-year increase of 14.55%.

The Bank supported high-quality Belt and Road cooperation. By the end of the Reporting Period, loans under the Belt and Road Initiative reached US\$17.920 billion, representing an increase of 27.94% compared to the beginning of the year. During the Reporting Period, corporate and retail foreign exchange settlement and sale volumes in minor currencies along the routes reached US\$676 million, representing an increase of 57.05% year-on-year. To address financial needs in shipping and trade scenes, BOCOM facilitated direct connectivity between its "Shipping Concierge" system and leading shipping, like COSCO, as well as major China-Europe Railway Express operators including "Zhongyu Express", "Chang'an Express", and the "Land-Sea New Channel" leading booking platforms. This enabled the first cross-bank, fully automated, non-stop, second-level foreign currency remittance, with transaction volume increasing by 23.70% year-on-year.

(3) Overseas service network

The layout of offshore service network was progressing steadily. 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

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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 1,110 banks in 133 countries and regions, and opened 155 cross-border RMB accounts for 92 overseas RMB participating banks in 30 countries and regions. A total of 115 foreign currency clearing accounts in 29 currencies were opened in 68 banks in 32 countries and regions.

(4) Free trade zone and cross-border RMB business

Actively advancing the internationalization of the RMB. By continuously expanding settlement volumes, we promoted the steady development of cross-border RMB business. During the Reporting Period, domestic branches achieved a record high in cross-border RMB settlement volumes. We actively leveraged the RMB's role as an overseas financing currency, with the year-end balance of RMB loans extended by domestic institutions to overseas borrowers increasing by 93.49% as at the end of the Reporting Period, compared to the beginning of the year.

Actively Serving Free Trade Zone Development. The "Five-in-One" comprehensive financial service solution for offshore bonds in free trade zones was awarded the First Prize for Financial Innovation in Shanghai. The Hong Kong branch successfully issued the world's first publicly offered Shanghai Free Trade Zone offshore bond, attracting enthusiastic subscriptions from high-quality overseas investors in Hong Kong, the Middle East, Central America, and other regions. Supported the launch of Hainan Free Trade Port's island-wide customs clearance operation and successfully launched the Free Trade Account (FT Account) in Tianjin.

(5) Offshore service

The Group deepened the integrated development of offshore and onshore business and the integrated operation of non-resident accounts, and fully tapped the business potential of the Yangtze River Delta integration and the new Lingang area of the Shanghai Free Trade Zone. As at the end of the Reporting Period, the asset balance of offshore business amounted to USD13.371 billion.

(6) Strategic cooperation with HSBC

The two parties jointly created the "1+1" global financial service brand. Based on the smoothly operating multi-level cooperation and communication promotion mechanism, we determined the cooperation direction and fields, and promoted the continuous deepening of business cooperation in key regions and fields from top to bottom. During the Reporting Period, the Bank's Hong Kong Branch cooperated with HSBC on 89 bond issuance projects, totaling USD48.8 billion, a year-on-year increase of 46%; the two sides cooperated on 35 syndicated loans in overseas regions. The scale of custody and fund consignment cooperation continued to increase, and the year-end custody cooperation scale between the two sides reached 124.9 billion, a year-on-year increase of 32%. Cooperation in cross-border RMB settlement, asset management and financial market businesses continued to advance. During the Reporting Period, the Bank's Seoul Branch, as the RMB Clearing Bank in Seoul, provided RMB clearing services to HSBC Seoul Branch, with a RMB clearing volume of approximately 4.3 billion, a year-on-year increase of 63%. The Bank's Macau Branch successfully cooperated with HSBC China to launch HSBC China's first cross-border RMB account financing business. Under the "Resources and Experience Sharing (RES)" mechanism, the two sides carried out in-depth exchanges around key areas such as

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macroeconomics and the “five priorities”, fintech and AI technology, and the construction of global custodian bank networks, promoted the optimal integration of intellectual resources, and provided useful references for the operation and development of both sides.

7. Channel Construction

- ◆ The Bank deepened AI capability construction, comprehensively strengthening BOCOM’s online channel service system from the core perspective of the customer journey, continuously building channel synergy capabilities, seamlessly embedding financial services into high-frequency life and industrial scenes such as travel, healthcare, government affairs and education, and accurately adapting to customers’ differentiated financial needs.
- ◆ The Bank further advanced digital transformation, establishing a digital and intelligent operations center, integrating and strengthening the capabilities of combining online and offline operations with centralized and local operations, thereby empowering high-quality business development. As at the end of the Reporting Period, the balance of online direct sales consumer loans increased by 92.72% year-on-year, the net increase in the balance of online and offline collaborative personal business loans reached 11.802 billion, and the comprehensive disposal rate of overdue performing businesses increased by 0.8% year-on-year and the recovery amount from non-performing accounts increased by 6.6% year-on-year.

(1) Personal mobile banking

Holding the theme of “understanding wealth, enjoying life” and the philosophy of “Inclusive, Intelligent and Ease to use”, the Bank launched Personal Mobile Banking Ver. 10.0. AI was used to reshape the new digital and intelligent service experience, introducing the “AI Fawn Assistant” function, embedding

intelligent services into high-frequency customer usage scenes. A “Cultural Tourism Zone” was launched, providing a travel plan intelligent generation tool to offer customers convenient and efficient companion services during their travels. Efficient and convenient wealth and financial service functions were developed, launching the “Flexible Cash+” zone to meet customers’ flexible fund management needs. The “Cross-border Payment Connect” function was introduced, enabling zero-fee and instant credit remittances from Chinese mainland to Hong Kong. As at the end of the Reporting Period, the number of monthly active users (MAU) of Personal Mobile Banking reached 57.4071 million, an increase of 3.61% compared to the end of the previous year.

(2) Corporate online banking and corporate mobile banking

Guided by the construction philosophy of “Professional, Intelligent and Easy to use”, the Bank improved the specialized service capabilities of the corporate e-channel. Multiple professional versions of corporate online banking and corporate mobile banking were launched for specific customer segments, including trade connect and inter-bank and custody sectors. An intelligent assistant was introduced, enabling the application of AI agents within the corporate electronic banking channels, thereby improving 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 10.19% over the end of the previous year, and the annual cumulative number of customers who conducted transactions through corporate online banking increased by 7.59% on a year-on-year basis; the number of contracted customers of corporate mobile banking increased by 11.03% over the end of the previous year, the annual cumulative volume of transactions conducted through corporate mobile banking increased by 19.16% on a year-on-year basis.

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(3) Go Pay APP

The Bank upgraded and released Version 10.0 of Go Pay – BOCOM’s official credit card APP, and continuously improved the platform’s user service efficiency and customer experience by strengthening intelligent service capabilities. The Bank enriched the platform’s lifestyle consumption scenes with the launch of a new Cultural Tourism Zone to meet users’ cultural tourism consumption needs. As at the end of the Reporting Period, the number of monthly active users (MAU) of Go Pay APP was 26.6402 million.

(4) Open banking

Expanding the service reach of open banking scenes to enhance the capability to serve the real economy. Extending scene chains in areas such as the platform economy and cross-border business, creating an integrated service solution combining “accounts + payment and settlement + financing”. Innovatively launching an open banking cross-border service solution, which was unveiled at the 8th China International Import Expo. During the Reporting Period, the amount of financing disbursed through open banking online supply chain financial services reached 350.902 billion, representing a year-on-year increase of 14.62%. Building an “Industry + Finance” cloud service ecosystem, launching five major service solutions for digital intelligent government affairs, micro and small enterprises, industrial parks, livelihood, and sci-tech innovation, with a total of 97,600 institutions signed up.

(5) “BOCOM On-cloud”

The Bank continuously promoted 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. The Bank developed an innovative model for new banking services and improved the availability of and satisfaction offered by financial services. During the Reporting Period, the BOCOM On-cloud remote video outlet provided 3.78 million services, reflecting growth of 90% from the previous year.

Deepening the construction and operation of new media channels. As at the end of the Reporting Period, the number of users of “BOCOM” WeChat Mini Program increased by 27.78% from the end of the previous year to 62.1984 million; the number of users of “BOCOM Loans” WeChat Mini Program increased by 55.18% from the end of the previous year to 13.2983 million; the number of corporate WeChat users amounted to 12.1833 million, representing an increase of 24.51% from the end of last year.

8. FinTech and Digital Transformation

- ◆ The Bank issued the “Artificial Intelligence+” Action Plan, and promoted the evolution of business models from traditional manual-driven to intelligent and automated in key areas such as customer service, operation management and risk control, helping to improve the quality and efficiency of development.
- ◆ During the Reporting Period, the Bank invested 12.342 billion in fintech, representing a year-on-year increase of 6.81%, accounting for 5.78% of operating revenue, up 0.32 percentage point year-on-year. As at the end of the Reporting Period, the Group had 9,782 fintech employees, representing an increase of 8.20% from the end of the previous year, and accounting for 9.99% of the Group’s total number of employees, up 0.55 percentage point from the end of the previous year.

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Column Digital Intelligence Engine Drove High-Quality Development

The Bank adhered to the blueprint and stayed the course, and further promoted the construction of a new digital BOCOM. The “four pillars and eight beams” of digital transformation had been basically built, empowering financial services to expand coverage, improve quality and efficiency, and successfully complete the 14th Five-Year Plan for fintech.

The digital intelligence engine was fully activated, and innovation momentum accelerated to release.

The Bank further promoted the “Artificial Intelligence+” initiative to empower intelligent business upgrading. The Bank improved and issued *the Bank’s “Artificial Intelligence+” Action Plan (2025-2027)*, built a thousand-card heterogeneous computing power cluster and a hundred-billion-level large model algorithm matrix, upgraded the unified training and inference platform, built an enterprise-level knowledge platform and agent platform, provided out-of-the-box model capabilities in the way of “Model as a Service”, deployed more than 2,500 intelligent agents and assistants, and achieved positive results in retail inclusive finance, risk credit granting, operation customer service, office R&D and other fields. The Bank actively built an open and intelligent industrial ecosystem, and jointly built a national artificial intelligence application pilot base with China UnionPay, Fudan University and other institutions to help the intelligent upgrading of the financial payment industry.

Improving the overall data governance capacity and promoting the transformation of data value.

The Bank strengthened standardized data governance, continuously carried out system-level data standard compliance, enriched data quality inspection rules, and improved the online management and control level of data quality. The Bank optimized the data annotation work system, built a data annotation platform, and created hundreds of high-quality artificial intelligence training data sets. The Bank increased data source expansion, actively used technologies such as privacy computing and blockchain to explore innovative applications of data circulation and sharing with external institutions, and empowered financial services and internal management to improve quality and efficiency. The Bank strengthened the construction of data visualization service capabilities, established a data asset map, promoted the intelligent transformation of management cockpit and data analysis platform, and helped the entire Bank to conveniently find, analyze and use data for intelligent decision-making.

The Bank continuously upgraded its products and services to enhance business quality and efficiency.

Centering on the “five priorities” and strategic key areas, the Bank increased the supply of digital financial products and services. Online products such as “Sci-Tech Loan Easy”, “Benefit Business Loan” and “Chain Sharing Benefit Loan” were launched one after another. The proactive credit granting mode of “using data to enhance credit” further expanded coverage and volume. Key products such as BOCOM Salary Connect, Cloud Inter-bank, Treasury, BOCOM Easy Pay and BOCOM e-Supervision were iteratively innovated. The Bank deeply participated in the construction of shipping and trade digital chain, launched the BOCOM Shipping-Trade platform, supported foreign trade businesses to be handled online and on mobile, and continuously improved the convenience and availability of financial services. The “New Model of Inclusive Finance Retail Business and Ecosystem Construction” won the first prize of the 2024 PBOC Fintech Development Award. The Bank used digital means to support the comprehensive transformation of outlets and the digital operation transformation of retail business, continuously empowered business process reengineering and digital risk control construction, built digital employees and AI assistants in batches, and improved the digital intelligence level of operation and management.

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The Bank continuously strengthened its digital foundation and built a solid security barrier. Its digital infrastructure became increasingly stable and resilient. Efforts to accelerate the deployment of “multi-site, multi-center” data centers were advanced, and the innovation-driven transformation of domestic core application systems was fully completed. Overseas digital transformation projects progressed steadily according to plan, while the Bank’s independent and controllable capacity continued to grow. The Group’s network and data security defenses were consistently enhanced. The Bank coordinated the development of the Group’s network security technical defense and operational systems, improved the data security management framework, and steadily advanced the construction of a unified data security protection platform. Security controls were strengthened for key scenarios, including cross-border data transmission, third-party data collaboration, and sensitive data cross-domain transmission. Group-wide data security emergency drills were conducted, and data security awareness and risk prevention capabilities were continuously improved. Business continuity support capacity was continuously enhanced, the disaster recovery system was accelerated, and real disaster recovery drills were strengthened. The Bank extended its operational capacity under extreme scenarios to seven days, and the availability of critical information systems exceeded 99.99%.

The governance system was further improved, and fintech resources were continuously strengthened. The Bank strengthened the top-level design of digital finance, dynamically improved action plans such as digital finance, established the Product Innovation Management Committee, comprehensively strengthened the management of product innovation and risk control of new products and new businesses across the Bank, and issued the Group’s unified product catalog. The reform of institutional mechanisms was further deepened, promoting the reform of data governance and application mechanisms across the Bank. Guided by the idea of “a unified chess game for the Group’s fintech”, the Bank deepened the integration of business and technology, coordination between head office and branches, and linkage between the Bank and its subsidiaries, and promoted the Group’s integrated architecture control, security control, capability reuse and resource sharing. The capacity of the talent team was continuously improved, the goal of the “10,000-person Plan for fintech” was basically achieved, and the digital capacity and level of all staff were accelerated to improve.

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FINANCIAL STATEMENT ANALYSIS

III. FINANCIAL STATEMENT ANALYSIS

In 2025, the Group resolutely implemented the decisions and deployments of the CPC Central Committee and the State Council, adhered to the general principle of seeking progress while maintaining stability, thoroughly acted in accordance with the political and people-oriented nature of financial work, effectively played its role as a main force in serving the real economy and a ballast stone for maintaining financial stability. Business operations demonstrated a sound momentum of progress amidst stability and quality improvement amidst stability, achieving a successful conclusion to the “14th Five-Year Plan” period.

As at the end of the Reporting Period, the total assets of the Group increased by 4.35% over the end of the previous year to 15.55 trillion, of which, the Group’s balance of loans and advances to customers increased by 568.449 billion or 6.64% over the end of the previous year to 9.12 trillion; balance of deposits from customers increased by 507.480 billion or 5.77% over the end of the previous year to 9.31 trillion.

During the Reporting Period, the Group’s net profit (attributable to shareholders of the parent company) amounted to 95.622 billion, representing a year-on-year increase of 2.18%. The Group’s net operating income amounted to 265.60 billion, representing a year-on-year increase of 2.05%.

As at the end of the Reporting Period, non-performing loan ratio of the Group was 1.28%, decreased by 0.03 percentage point over the end of the previous year. Provision coverage ratio was 208.38%, representing an increase of 6.44 percentage points over the end of the previous year.

1. Analysis on Key Income Statement Items

(1) Structure and change of income statement

During the Reporting Period, the Group’s net profit (attributable to shareholders of the parent company) amounted to 95.622 billion, representing a year-on-year increase of 2.036 billion or 2.18%.

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

(in millions of RMB unless otherwise stated)

	2025	2024	Increase/ (decrease) (%)
Net interest income	173,075	169,832	1.91
Net non-interest income	92,525	90,437	2.31
Including: Net fee and commission income	38,183	36,914	3.44
Net operating income	265,600	260,269	2.05
Credit impairment losses	(54,547)	(52,567)	3.77
Impairment losses on other assets	(1,895)	(1,640)	15.55
Other operating expenses	(105,395)	(102,587)	2.74
Including: Business cost	(77,655)	(77,687)	(0.04)
Profit before tax	103,763	103,475	0.28
Income tax	(7,249)	(9,246)	(21.60)
Net profit	96,514	94,229	2.42
Net profit attributable to shareholders of the parent company	95,622	93,586	2.18

The breakdown of the net operating income of the Group during the periods indicated is shown below:

(in millions of RMB unless otherwise stated)

	2025		
	Amount	Proportion (%)	Increase/ (decrease) (%)
Net interest income	173,075	65.16	1.91
Net fee and commission income	38,183	14.38	3.44
Net gains/(losses) arising from trading activities	19,693	7.41	(10.16)
Net gains/(losses) arising from financial investments	4,563	1.72	134.12
Net gains/(losses) on investments in associates and joint ventures	495	0.19	(3.70)
Other operating income	29,591	11.14	1.54
Total net operating income	265,600	100.00	2.05

(2) Net interest income

During the Reporting Period, the Group's net interest income increased by 3.243 billion on a year-on-year basis or 1.91% to 173.075 billion, accounting for 65.16% of the net operating income, which was a major component of the Group's income.

FINANCIAL STATEMENT ANALYSIS

The average balances, associated interest income and expenses and average rate of return or 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)

	2025			2024		
	Average balance	Interest income (expense)	Average rate of return/ (cost) (%)	Average balance	Interest income (expense)	Average rate of return/ (cost) (%)
Assets						
Cash and balances with central banks	720,695	11,021	1.53	739,813	11,530	1.56
Due from and placements with banks and other financial institutions	1,001,174	25,663	2.56	973,324	30,024	3.08
Loans and advances to customers	8,907,748	269,862	3.03	8,264,873	298,120	3.61
Investment securities	3,741,206	112,901	3.02	3,427,644	112,038	3.27
Interest-bearing assets	14,370,823	419,447	2.92	13,405,654	451,712	3.37
Non-interest-bearing assets	1,026,329			985,272		
Total assets	15,397,152			14,390,926		
Liabilities and shareholders' equity						
Deposits from customers	8,895,868	154,720	1.74	8,387,328	178,111	2.12
Due to and placements from banks and other financial institutions	2,351,242	42,272	1.80	2,355,170	56,063	2.38
Debt securities and others	2,120,331	49,380	2.33	1,747,045	47,706	2.73
Interest-bearing liabilities	13,367,441	246,372	1.84	12,489,543	281,880	2.26
Shareholders' equity and non-interest-bearing liabilities	2,029,711			1,901,383		
Total liabilities and shareholders' equity	15,397,152			14,390,926		
Net interest income		173,075			169,832	
Net interest spread¹			1.08			1.11
Net interest margin²			1.20			1.27

Notes:

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

During the Reporting Period, the Group's net interest margin decreased by 7 basis points year-on-year to 1.20%. This was mainly because the rate of return on assets dropped significantly. In particular, due to the Loan Prime Rate (LPR) cuts, the intense industry competition amid strong supply and weak demand and other factors, the yield on loans and advances to customer decreased by 58 basis points on a year-on-year basis; and the yield on securities investment decreased by 25 basis points driven by the overall decline in benchmark market interest rates. To cope with the downward pressure on asset returns, the Group continuously strengthened the analysis and judgment on market interest rate trends, reasonably adjusted the business structure, dynamically optimized the pricing strategy, bringing the cost of liabilities down year-on-year.

FINANCIAL STATEMENT ANALYSIS

The net interest spread and net interest margin for each quarter during the periods indicated are shown below:

(%)	2025			
	January – March	April – June	July – September	October – December
Net interest spread	1.11	1.06	1.05	1.08
Net interest margin	1.23	1.19	1.19	1.21

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 on interest rates of interest-bearing assets and interest-bearing liabilities during the periods indicated.

(in millions of RMB)

	Comparison between 2025 and 2024		
	Increase/(decrease) due to		
	Amount	Interest rate	Net increase/ (decrease)
Interest-bearing assets			
Cash and balances with central banks	(298)	(211)	(509)
Due from and placements with banks and other financial institutions	858	(5,219)	(4,361)
Loans and advances to customers	23,208	(51,466)	(28,258)
Investment securities	10,253	(9,390)	863
Changes in interest income	34,021	(66,286)	(32,265)
Interest-bearing liabilities			
Deposits from customers	10,781	(34,172)	(23,391)
Due to and placements from banks and other financial institutions	(93)	(13,698)	(13,791)
Debt securities and others	10,191	(8,517)	1,674
Changes in interest expenses	20,879	(56,387)	(35,508)
Changes in net interest income	13,142	(9,899)	3,243

During the Reporting Period, the Group's net interest income increased by 3.243 billion on a year-on-year basis. Within this total, changes in the average balances of assets and liabilities increased net interest income by 13.142 billion, while changes in the average rate of return and average rate of cost reduced the net interest income by 9.899 billion.

① Interest income

During the Reporting Period, the Group's interest income decreased by 32.265 billion or 7.14% on a year-on-year basis to 419.447 billion, of which interest income from loans and advances to customers, investment securities and cash and balances with central banks accounted for 64.34%, 26.92% and 2.63% of total interest income, respectively.

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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 28.258 billion or 9.48% on a year-on-year basis to 269.862 billion, mainly due to a year-on-year decrease of 58 basis points in the average rate of return on loans and advances to customers.

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

(in millions of RMB unless otherwise stated)

	2025			2024		
	Average balance	Interest income	Average rate of return (%)	Average balance	Interest income	Average rate of return (%)
Corporate loans	5,863,920	180,623	3.08	5,425,964	192,678	3.55
– Short-term loans	1,747,411	49,170	2.81	1,558,124	49,461	3.17
– Medium and long-term loans	4,116,509	131,453	3.19	3,867,840	143,217	3.70
Personal loans	2,782,936	86,786	3.12	2,549,988	101,707	3.99
– Short-term loans	623,120	25,530	4.10	606,241	26,692	4.40
– Medium and long-term loans	2,159,816	61,256	2.84	1,943,747	75,015	3.86
Discounted bills	260,892	2,453	0.94	288,921	3,735	1.29
Total loans and advances to customers	8,907,748	269,862	3.03	8,264,873	298,120	3.61

Interest income from investment securities. During the Reporting Period, interest income from investment securities increased by 863 million or 0.77% on a year-on-year basis to 112.901 billion, mainly due to the year-on-year increase by 313.562 billion or 9.15% in the average balance of investment securities.

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 decreased by 509 million or 4.41% on a year-on-year basis to 11.021 billion, which was mainly due to the year-on-year decrease of 19.118 billion or 2.58% in the average balance of cash and balances with central banks, and the year-on-year decrease of 3 basis points in the average rate of return on cash and balances with central banks.

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 4.361 billion or 14.53% on a year-on-year basis to 25.663 billion, which was mainly due to the year-on-year decrease of 52 basis points in the average rate of return on balances due from and placements with banks and other financial institutions.

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② Interest expenses

During the Reporting Period, the Group's interest expenses decreased by 35.508 billion or 12.60% on a year-on-year basis to 246.372 billion.

Interest expenses on deposits from customers. Deposits from customers is the Group's primary funding source. During the Reporting Period, interest expenses on deposits from customers decreased by 23.391 billion or 13.13% on a year-on-year basis to 154.720 billion, accounting for 62.80% of total interest expenses. The decrease in interest expenses on deposits from customers was mainly due to the year-on-year decrease of 38 basis points in the 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)

	2025			2024		
	Average balance	Interest expenses	Average rate of cost (%)	Average balance	Interest expenses	Average rate of cost (%)
Corporate deposits	5,004,626	84,024	1.68	4,863,879	101,250	2.08
– Demand deposits	1,800,538	10,930	0.61	1,852,363	17,534	0.95
– Time deposits	3,204,088	73,094	2.28	3,011,516	83,716	2.78
Personal deposits	3,891,242	70,696	1.82	3,523,449	76,861	2.18
– Demand deposits	927,672	743	0.08	861,231	1,623	0.19
– Time deposits	2,963,570	69,953	2.36	2,662,218	75,238	2.83
Total deposits from customers	8,895,868	154,720	1.74	8,387,328	178,111	2.12

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 13.791 billion or 24.60% on a year-on-year basis to 42.272 billion, which was mainly due to a year-on-year decrease of 58 basis points in the average rate of cost of balances due to and placements from banks and other financial institutions.

Interest expense on debt securities issued and other interest-bearing liabilities. During the Reporting Period, interest expense on debt securities issued and other interest-bearing liabilities increased by 1.674 billion or 3.51% on a year-on-year basis to 49.380 billion, which was mainly due to a year-on-year increase of 373.286 billion or 21.37% in the average balance of debt securities issued and others.

(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 1.269 billion or 3.44% on a year-on-year basis to 38.183 billion, among which the income from wealth management, such as agency services and wealth management, increased significantly, which was mainly due to the Group's continued efforts to strengthen its distinctive wealth management capabilities and continuously enhance customer service capacity, resulting in increased income from wealth management products and agency funds.

FINANCIAL STATEMENT ANALYSIS

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

(in millions of RMB unless otherwise stated)

	2025	2024	Increase/ (decrease) (%)
Bank cards	15,298	14,826	3.18
Wealth management business	9,082	7,764	16.98
Custody and other fiduciary businesses	7,799	7,667	1.72
Agency services	3,858	3,502	10.17
Investment banking	2,064	2,316	(10.88)
Guarantee and commitment	3,112	3,202	(2.81)
Settlement services	1,349	1,504	(10.31)
Others	151	137	10.22
Total fee and commission income	42,713	40,918	4.39
Less: fee and commission expense	(4,530)	(4,004)	13.14
Net fee and commission income	38,183	36,914	3.44

(4) Other non-interest income

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

(in millions of RMB unless otherwise stated)

	2025	2024	Increase/ (decrease) (%)
Net gains/(losses) arising from trading activities	19,693	21,919	(10.16)
Net gains/(losses) arising from financial investments	4,563	1,949	134.12
Net gains/(losses) on investments in associates and joint ventures	495	514	(3.70)
Other operating income	29,591	29,141	1.54
Total other non-interest income	54,342	53,523	1.53

During the Reporting Period, the Group's other non-interest income increased by 819 million on a year-on-year basis to 54.342 billion, of which net gains arising from trading activities decreased by 2.226 billion or 10.16% on a year-on-year basis to 19.693 billion, mainly attributable to the year-on-year decrease in the gains and losses on bonds and interest-rate derivatives as affected by the fluctuation of the market interest rates; net gains arising from financial investments increased by 2,614 million or 134.12% on a year-on-year basis to 4.563 billion.

(5) Business cost

During the Reporting Period, the Group's business cost decreased by 32 million or 0.04% on a year-on-year basis to 77.655 billion. The Group's cost-to-income ratio decreased by 0.60 percentage point on a year-on-year basis to 29.30%.

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

(in millions of RMB unless otherwise stated)

	2025	2024	Increase/ (decrease) (%)
Staff costs	44,047	42,320	4.08
Business expenses	24,019	25,455	(5.64)
Depreciation and amortization	9,589	9,912	(3.26)
Total business cost	77,655	77,687	(0.04)

(6) Asset impairment losses

During the Reporting Period, the Group's asset impairment losses increased by 2.235 billion or 4.12% on a year-on-year basis to 56.442 billion, of which the credit impairment losses on loans increased by 3.693 billion or 7.38% on a year-on-year basis to 53.719 billion. The Group continued to comply with *the Implementation Measures for the Management of Expected Credit Losses in Commercial Banks*, fully assessed the potential risks of customers, and dynamically updated the impairment model's parameters to fully reflect the impact of forward-looking information on expected credit losses. At the same time, in recent years, the Group continuously consolidated the quality of its assets and made reasonable provisions, with a view to maintaining sufficient risk mitigation and loss absorption capabilities.

(7) Income tax

During the Reporting Period, the Group's income tax expenses decreased by 1.997 billion or 21.60% on a year-on-year basis to 7,249 million. The effective tax rate was 6.99%, which was mainly affected by the tax exemption on interest income from PRC treasury bonds and municipal government bonds held by the Group pursuant to the relevant tax provisions.

2. Analysis on Key Balance Sheet Items

(1) Assets

As at the end of the Reporting Period, the Group's total assets increased by 647.671 billion or 4.35% from the end of the previous year to 15,548.388 billion, which was mainly due to the increase in the scale of loans and advances to customers and financial investments.

The balances (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:

FINANCIAL STATEMENT ANALYSIS

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Loans and advances to customers	8,898,768	57.23	8,351,131	56.05	7,772,060	55.28
Financial investments	4,527,914	29.12	4,320,089	28.99	4,104,142	29.19
Cash and balances with central banks	701,847	4.51	717,354	4.81	898,022	6.39
Due from and placements with banks and other financial institutions	881,284	5.67	974,042	6.54	859,642	6.11
Others	538,575	3.47	538,101	3.61	426,606	3.03
Total assets	15,548,388	100.00	14,900,717	100.00	14,060,472	100.00

① Loans and advances to customers

During the Reporting Period, the Group firmly implemented the decisions and deployments on the financial work made by the CPC Central Committee, further gave play to the role as the main force in serving the real economy and the ballast for maintaining financial stability, continuously improved the quality and efficiency of serving the real economy, and achieved effective improvement in quality and reasonable growth in volume of credit extension. As at the end of the Reporting Period, the balance of the Group's loans and advances to customers increased by 568.449 billion or 6.64% from the end of the previous year to 9,123.571 billion.

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

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	6,043,810	66.25	5,566,578	65.07	5,179,533	65.09
– Short-term loans	1,867,438	20.47	1,611,541	18.84	1,496,422	18.81
– Medium and long-term loans	4,176,372	45.78	3,955,037	46.23	3,683,111	46.28
Personal loans	2,835,038	31.07	2,752,406	32.17	2,473,100	31.08
– Mortgage	1,442,452	15.81	1,466,604	17.14	1,462,634	18.39
– Credit cards	531,348	5.82	538,404	6.29	489,725	6.15
– Personal business loans	462,270	5.07	413,626	4.83	343,585	4.32
– Personal consumption loans	395,731	4.34	330,260	3.86	173,423	2.18
– Others	3,237	0.03	3,512	0.05	3,733	0.04
Discounted bills	244,723	2.68	236,138	2.76	304,452	3.83
Total	9,123,571	100.00	8,555,122	100.00	7,957,085	100.00

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The balance of corporate loans increased by 477.232 billion or 8.57% from the end of the previous year to 6,043.810 billion, among which, short-term loans increased by 255.897 billion, and medium and long-term loans increased by 221.335 billion.

The balance of personal loans increased by 82.632 billion or 3.00% from the end of the previous year to 2,835.038 billion, among which, mortgage loans decreased by 24.152 billion or 1.65% from the end of the previous year, credit card loans decreased by 7.056 billion or 1.31% from the end of the previous year, personal business loans increased by 48.644 billion or 11.76% from the end of the previous year, and personal consumption loans increased by 65.471 billion or 19.82% from the end of the previous year.

The balance of discounted bills increased by 8.585 billion or 3.64% from the end of the previous year to 244.723 billion.

Distribution of loans and advances to customers by security types

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured loans	3,689,622	40.44	3,308,339	38.67
Guaranteed loans	1,568,615	17.19	1,419,438	16.59
Loans secured by collateral	2,752,348	30.17	2,733,002	31.95
Pledged loans	1,112,986	12.20	1,094,343	12.79
Total	9,123,571	100.00	8,555,122	100.00

Expected credit loss allowance for loans and advances to customers

(in millions of RMB)

	31 December 2025	31 December 2024
Balance at the end of the previous year	225,525	206,309
Accrual/(reversal) in the period	53,719	50,026
Write-offs and disposals in the period	(41,733)	(36,284)
Recovered after written-off	6,973	6,198
Other movements	(713)	(724)
Balance at the end of the period	243,771	225,525

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② Financial investments

As at the end of the Reporting Period, the Group's net balance of financial investments increased by 207.825 billion or 4.81% from the end of the previous year to 4,527.914 billion.

The breakdown of investments by nature

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Bonds	4,096,090	90.46	3,857,045	89.28
Equity instruments and others	431,824	9.54	463,044	10.72
Total	4,527,914	100.00	4,320,089	100.00

The breakdown of investments by the presentation basis of financial statements

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Financial investments at fair value through profit and loss	600,609	13.26	656,152	15.19
Financial investments at amortized cost	2,701,622	59.67	2,581,793	59.76
Financial investments at fair value through other comprehensive income	1,225,683	27.07	1,082,144	25.05
Total	4,527,914	100.00	4,320,089	100.00

As at the end of the Reporting Period, the balance of Group's bonds investments increased by 239.045 billion or 6.20% from the end of the previous year to 4,096.090 billion. In the future, the Group will reinforce the research and judgment of the economic and financial situation, focus on the incremental allocation and stock optimization of securities investment. First, the Group will maintain the overall strategy of focusing on interest rate debt investment, and make investment arrangements for PRC treasury bonds and municipal government bonds. Second, the Group will further strengthen the development of investment research capabilities, optimize the variety and maturity structure of credit bond portfolios, and, with the "five priorities" as the entry point, direct bond investments toward major national strategies and key sectors. Third, the Group will strengthen bond trading business and continue to provide liquidity for the bond market.

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Bond investment structure by issuer

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024	
	Balance	Proportion (%)	Balance	Proportion (%)
Government and central banks	3,212,285	78.42	3,118,942	80.86
Public sector entities	20,325	0.50	29,974	0.78
Banks and other financial institutions	646,426	15.78	504,458	13.08
Corporate entities	217,054	5.30	203,671	5.28
Total	4,096,090	100.00	3,857,045	100.00

As at the end of the Reporting Period, financial bonds held by the Group amounted to 646.426 billion, including bonds issued by policy banks of 137.225 billion and by banks and non-bank financial institutions of 509.201 billion, which accounted for 21.23% and 78.77%, respectively.

Top 10 financial bonds held by the Group

(in millions of RMB unless otherwise stated)

Bond name	Face value	Annual interest rate (%)	Maturity date	Impairment allowance ^{Note}
Policy Bank Bond issued in 2025	7,900	1.39	03/09/2026	-
Policy Bank Bond issued in 2022	6,599	2.65	24/02/2027	-
Policy Bank Bond issued in 2017	6,330	SOFR+1.06	08/09/2027	-
Policy Bank Bond issued in 2023	5,001	2.59	11/01/2026	-
Commercial Bank Bond issued in 2025	5,000	1.85	28/02/2028	-
TLAC Non-capital Bond of Commercial Bank issued in 2025	5,000	1.75	10/07/2029	-
Policy Bank Bond issued in 2021	4,940	3.30	03/03/2026	-
Tier-2 Capital Bond of Commercial Bank issued in 2025	4,500	1.92	24/07/2035	-
Foreign-funded Bank Bond issued in 2025	4,282	4.38	27/08/2035	-
Policy Bank Bond issued in 2025	4,200	1.44	12/02/2027	-

Note: Excluding the provision for impairment in the stage 1 withdrawn according to the expected credit loss model.

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③ Foreclosed assets

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

	<i>(in millions of RMB)</i>	
	31 December 2025	31 December 2024
Original value of foreclosed assets	871	956
Less: Impairment allowance of foreclosed assets	(431)	(433)
Net value of foreclosed assets	440	523

(2) Liabilities

During the Reporting Period, the Group conscientiously implemented the “six characteristics”⁵ management requirements for liability quality, continuously enhancing its liability quality management capabilities and standards, adhering to the objectives of operational safety, liquidity, and profitability, following principles aligned with business strategies, risk appetite, and overall business characteristics, optimizing and improving a liability quality management system commensurate with the scale and complexity of liabilities, continuously consolidating the customer base, and further enhancing monitoring, analysis, and management of liability sources, structure, and costs, thereby maintaining the steady development of overall liability business.

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

	<i>(in millions of RMB unless otherwise stated)</i>					
	31 December 2025		31 December 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Deposits from customers	9,307,815	65.23	8,800,335	64.03	8,551,215	65.98
Due to and placements from banks and other financial institutions	2,477,757	17.37	2,431,451	17.69	2,424,537	18.71
Certificates of deposits issued	1,403,271	9.84	1,384,372	10.07	1,027,461	7.93
Debt securities issued	692,085	4.85	691,248	5.03	592,175	4.57
Others	387,178	2.71	437,714	3.18	365,634	2.81
Total liabilities	14,268,106	100.00	13,745,120	100.00	12,961,022	100.00

⁵ Stability of liability sources, diversity of liability structures, rationality of matching liabilities and assets, initiative in acquiring liabilities, appropriateness of liability costs, and authenticity of liability projects.

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As at the end of the Reporting Period, the Group's total liabilities increased by 522.986 billion or 3.80% from the end of the previous year to 14,268.106 billion. Among them, deposits from customers increased by 507.480 billion or 5.77% from the end of the previous year, which accounted for 65.23% of total liabilities and represented an increase of 1.20 percentage points from the end of the previous year; the balance of due to and placements from banks and other financial institutions increased by 46.306 billion or 1.90% from the end of the previous year, which accounted for 17.37% of total liabilities and represented a decrease of 0.32 percentage points 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 507.480 billion or 5.77% from the end of the previous year to 9,307.815 billion. In terms of customer structure, the proportion of corporate deposits was 54.59%, representing a decrease of 1.09 percentage points from the end of the previous year, while the proportion of personal deposits was 43.62%, representing an increase of 1.24 percentage points from the end of the previous year. In terms of deposit tenure, the proportion of demand deposits decreased by 2.25 percentage points from the end of the previous year to 30.83%, while the proportion of time deposits increased by 2.40 percentage points from the end of the previous year to 67.38%.

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

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024		31 December 2023	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate deposits	5,081,685	54.59	4,900,260	55.68	5,041,991	58.96
– Demand deposits	1,857,908	19.96	1,961,964	22.29	2,050,524	23.98
– Time deposits	3,223,777	34.63	2,938,296	33.39	2,991,467	34.98
Personal deposits	4,059,392	43.62	3,729,547	42.38	3,358,156	39.27
– Demand deposits	1,011,343	10.87	949,259	10.79	884,746	10.35
– Time deposits	3,048,049	32.75	2,780,288	31.59	2,473,410	28.92
Other deposits	2,433	0.02	3,436	0.04	3,240	0.04
Accrued interest	164,305	1.77	167,092	1.90	147,828	1.73
Total	9,307,815	100.00	8,800,335	100.00	8,551,215	100.00

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(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 contracts, exchange rate contracts, precious metals and commodity contracts. Please refer to "Note 18 to the Consolidated Financial Statements: Derivative financial instruments" for the details of nominal 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 37 to the Consolidated Financial Statements: Contingencies" for the details of contingencies, and "Note 38 to the Consolidated Financial Statements: Commitments" for the details of commitments.

3. Analysis on Key Cash Flow Items

As at the end of the Reporting Period, the balance of Group's cash and cash equivalents decreased by 35.488 billion from the end of the previous year to 126.462 billion.

The cash flow from operating activities recorded a year-on-year increase of 189.789 billion in net inflow to 132.441 billion, which was mainly due to the increase in cash inflows from deposits from customers during the period, as well as the increase in net cash flows generated from liquidity management tools such as inter-bank lending and repurchase.

The cash flow from investing activities recorded a year-on-year increase of 82.383 billion in net outflow to 180.472 billion, which was mainly due to the net cash outflows from bond investment in the period.

The cash flows from financing activities recorded a year-on-year decrease of 29.568 billion in net inflow to 12.952 billion, which was mainly because although the cash inflows from the issuance of ordinary shares increased in the period, net cash flows from financing activities decreased due to a decrease in the net cash flow from issuance of bonds and perpetual bonds.

4. Segment Analysis

(1) Operating results by geographical segments

The net operating income from each of the Group's geographical segments for the periods indicated are shown below:

FINANCIAL STATEMENT ANALYSIS

(in millions of RMB unless otherwise stated)

	2025		2024	
	Net operating income ¹	Proportion (%)	Net operating income ¹	Proportion (%)
Yangtze River Delta	101,120	38.07	95,402	36.66
Pearl River Delta	25,046	9.43	25,259	9.70
Bohai Rim Economic Zone	32,919	12.39	33,401	12.83
Central China	35,462	13.35	37,038	14.24
Western China	23,176	8.73	23,421	9.00
North Eastern China	7,270	2.74	7,844	3.01
Overseas	19,593	7.38	18,762	7.21
Head Office ²	21,014	7.91	19,142	7.35
Total³	265,600	100.00	260,269	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. Same applies hereinafter.
2. Including the Pacific Credit Card Center. 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 and expense distribution between various business segments have been adjusted.

(2) Deposits and loans and advances by geographical segments

The Group's loans and advances balances by geographical segments as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024	
	Loans and advances balances	Proportion (%)	Loans and advances balances	Proportion (%)
Yangtze River Delta	2,672,097	29.29	2,432,084	28.43
Pearl River Delta	1,221,976	13.39	1,115,864	13.04
Bohai Rim Economic Zone	1,423,266	15.60	1,406,292	16.44
Central China	1,471,281	16.13	1,370,600	16.03
Western China	1,126,880	12.35	1,024,200	11.97
North Eastern China	283,061	3.10	274,860	3.21
Overseas	331,428	3.63	329,666	3.85
Head Office	593,582	6.51	601,556	7.03
Total	9,123,571	100.00	8,555,122	100.00

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The Group's deposit balances by geographical segments as at the dates indicated are shown below:

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024	
	Deposit balances	Proportion (%)	Deposit balances	Proportion (%)
Yangtze River Delta	2,581,989	27.74	2,433,080	27.65
Pearl River Delta	1,068,529	11.48	1,037,123	11.79
Bohai Rim Economic Zone	2,000,094	21.49	1,892,633	21.51
Central China	1,561,377	16.77	1,436,159	16.31
Western China	968,094	10.40	913,041	10.37
North Eastern China	466,764	5.01	441,464	5.02
Overseas	493,285	5.30	476,226	5.41
Head Office	3,378	0.04	3,517	0.04
Accrued interest	164,305	1.77	167,092	1.90
Total	9,307,815	100.00	8,800,335	100.00

(3) Operating results by business segments

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

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

(in millions of RMB unless otherwise stated)

	2025		2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Net operating income	265,600	100.00	260,269	100.00
Corporate banking	133,062	50.10	126,415	48.57
Personal banking	96,734	36.42	102,659	39.44
Treasury businesses	34,572	13.02	30,208	11.61
Other businesses	1,232	0.46	987	0.38

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

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IV. RISK MANAGEMENT

The Board of Directors of the Bank established the overall risk appetite of “Stability, Balance, Compliance and Innovation” for the Bank and further set specific indicators of risk limits against various risks including credit risks, market risks, operational risks, liquidity risks, bank book interest rate risks, information technology risks and sovereign risks to exercise strict control over various risk types. During the Reporting Period, the Group consistently adhered to bottom-line thinking, integrated development and safety, strengthened its unified risk management, continued to consolidate asset quality, improved risk management in key areas, continuously enhanced its “three-dimensional integration” comprehensive risk management system comprising risk categories, institutions, and products, and engaged in effective management to promote the high-quality development of the entire bank.

(I) Risk Management Framework

The Board of Directors of the Bank assumes ultimate responsibility and the highest decision-making authority in respect of risk management, and it leans the Bank’s risk conditions through the subordinate Risk Management and Related-Party Transaction Control Committee. At the senior management level, the Bank has established Total Risk Management and Internal Control Committee, and two business review committees, namely, Credit Review Committee and Risk Asset Review Committee. The business review committees are guided by and report regularly to the Total 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 Total Risk Management and Internal Control Committee, which serves as the main body for studying how to prevent and control the Group’s systematic and regional risks and support risk management decision-making on major

issues. In this way, a Total Risk Management System is rolled out within the entire Group.

(II) Digital and Intelligent Transformation in Risk Management

The Bank continued to promote the digitalization and intelligence process of risk management. Being market-oriented, customer-oriented and grassroots-oriented, the Bank 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 risk management system, building a solid bank-wide risk database, improving enterprise-level risk management applications, strengthening the sharing and reuse of risk control capabilities, actively exploring the application scenes of AI technology in risk management to continuously improve the effectiveness of risk management. During the Reporting Period, the Bank strengthened the supply of measurement models in strategic areas, 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. The Bank continuously improved the work related to new capital regulations in accordance with regulatory requirements.

(III) Credit Risk Management

During the Reporting Period, the Bank continued to strengthen centralized credit risk management. The Bank actively served the real economy, optimized the structure of credit assets, focused on the “five priorities” to advance high-quality development of finance. The Bank adopted the structural monetary policy tools (such as the special refinancing) to support key areas such as scientific and technological innovation, technological

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transformation, carbon emission reduction, service consumption and elderly care. The Bank continuously optimized the framework of its credit granting policy, proactively implemented major national strategies and regulatory requirements, 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 guidelines on regional investment. The Bank continued to improve the degree of online and automation in the credit approval process, completed docking with the unified registration and publicity system for the financing of movable property in the Credit Information Centre of the PBOC, and started the promotion of online real estate mortgage registration throughout China, enabling the “cross-provincial registration” of mortgage loans in many cities across the country. The Bank implemented the “four early” risk requirements in advance for post-loan management, continuously promoted risk monitoring in key areas, and lifted digital intelligent risk control to a new level. Risk classification became more sophisticated as the asset quality remained stable.

The Bank continued intensification of the collection of non-performing assets. During the Reporting

Period, the Bank focused on key areas to bring into play the professional disposal capabilities of Head Office to steadily and orderly dispose of the risk exposures in significant items, and strive to improve the quality and efficiency of non-performing assets collection and disposal. During the Reporting Period, the disposal of non-performing loans reached 73.8 billion, with an increase of 10.8% year on year.

The Bank adheres to the regulatory requirements and maintains stringent asset risk classification standards. The foundation of asset quality has been continuously strengthened and the level of asset quality remains steady. As at the end of the Reporting Period, the Group’s non-performing loan balance amounted to 116.983 billion and the non-performing loan ratio was 1.28%, representing an increase of 5.306 billion and a decrease of 0.03 percentage point respectively, from the end of the previous year; and both overdue loan balance and ratio experienced an increase from the beginning of the previous year. The Group adopts prudent classification criteria for overdue loans. The 60-day+ overdue corporate loans extended by domestic branches have been all included in non-performing loans, and all the 90-day+ overdue loans have been included in non-performing loans, representing 82.60% of non-performing loans.

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Distribution of loans by 5-category classification standards

(in millions of RMB unless otherwise stated)

	31 December 2025		31 December 2024		31 December 2023	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Pass	8,855,745	97.07	8,309,109	97.12	7,731,141	97.16
Special mention	150,843	1.65	134,336	1.57	120,256	1.51
Total performing loans	9,006,588	98.72	8,443,445	98.69	7,851,397	98.67
Sub-standard	27,812	0.30	31,100	0.37	28,523	0.36
Doubtful	25,075	0.27	24,066	0.28	32,383	0.41
Loss	64,096	0.71	56,511	0.66	44,782	0.56
Total non-performing loans	116,983	1.28	111,677	1.31	105,688	1.33
Total	9,123,571	100.00	8,555,122	100.00	7,957,085	100.00

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	31 December 2025				31 December 2024			
	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)
Corporate loans	102,948	1.70	60,245	1.00	92,705	1.67	59,266	1.06
Personal loans	47,895	1.69	72,698	2.56	41,631	1.51	58,821	2.14
Mortgage	17,338	1.20	22,734	1.58	14,266	0.97	17,535	1.20
Credit cards	22,344	4.21	27,047	5.09	22,958	4.26	28,522	5.30
Personal business loans	4,260	0.92	12,131	2.62	2,175	0.53	6,871	1.66
Personal consumption loans and others	3,953	0.99	10,786	2.70	2,232	0.67	5,893	1.77
Discounted bills	0	0.00	15	0.01	0	0.00	11	0.00
Total	150,843	1.65	132,958	1.46	134,336	1.57	118,098	1.38

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

	31 December 2025				31 December 2024			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Corporate loans	6,043,810	66.25	72,150	1.19	5,566,578	65.07	81,838	1.47
Personal loans	2,835,038	31.07	44,818	1.58	2,752,406	32.17	29,827	1.08
Mortgage	1,442,452	15.81	14,584	1.01	1,466,604	17.14	8,509	0.58
Credit cards	531,348	5.82	14,222	2.68	538,404	6.29	12,590	2.34
Personal business loans	462,270	5.07	8,966	1.94	413,626	4.83	4,986	1.21
Personal consumption loans and others	398,968	4.37	7,046	1.77	333,772	3.91	3,742	1.12
Discounted bills	244,723	2.68	15	0.01	236,138	2.76	12	0.01
Total	9,123,571	100.00	116,983	1.28	8,555,122	100.00	111,677	1.31

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

	31 December 2025				31 December 2024			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Corporate loans	6,043,810	66.25	72,150	1.19	5,566,578	65.07	81,838	1.47
Transportation, storage and postal services	1,040,017	11.40	3,213	0.31	985,091	11.50	3,179	0.32
Manufacturing	1,199,118	13.14	16,566	1.38	1,053,309	12.31	15,068	1.43
Leasing and commercial services	1,050,098	11.51	4,372	0.42	948,410	11.09	6,754	0.71
Real estate	515,274	5.65	21,656	4.20	527,675	6.17	25,612	4.85
Water conservancy, environmental and other public facilities	453,574	4.97	1,921	0.42	467,212	5.46	2,816	0.60
Production and supply of electric power, heat, gas and water	462,521	5.07	948	0.20	456,439	5.34	2,675	0.59
Wholesale and retail trade	364,888	4.00	10,097	2.77	289,006	3.38	8,576	2.97
Construction	221,232	2.42	2,688	1.22	210,582	2.46	2,482	1.18
Finance	182,029	2.00	31	0.02	144,878	1.69	1,081	0.75
Education, science, culture and public health	178,108	1.95	3,381	1.90	151,490	1.77	4,641	3.06
Mining	138,852	1.52	830	0.60	123,059	1.44	986	0.80
Others	77,300	0.85	575	0.74	86,090	1.01	654	0.76
Information transmission, software and information technology services	122,863	1.35	1,914	1.56	89,510	1.05	1,697	1.90
Accommodation and catering	37,936	0.42	3,958	10.43	33,827	0.40	5,617	16.61
Personal loans	2,835,038	31.07	44,818	1.58	2,752,406	32.17	29,827	1.08
Discounted bills	244,723	2.68	15	0.01	236,138	2.76	12	0.01
Total	9,123,571	100.00	116,983	1.28	8,555,122	100.00	111,677	1.31

RISK MANAGEMENT

The Group actively supported the development of the real economy, continued to optimize the credit structure, enhanced the risk control in the key areas. As at the end of the Report Period, both the NPL amount and NPL ratio declined compared with the end of the previous year.

Distribution of loans and non-performing loans by region

(in millions of RMB unless otherwise stated)

	31 December 2025				31 December 2024			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Yangtze River Delta	2,672,097	29.29	26,826	1.00	2,432,084	28.43	24,213	1.00
Pearl River Delta	1,221,976	13.39	18,795	1.54	1,115,864	13.04	14,704	1.32
Bohai Rim Economic Zone	1,423,266	15.60	16,831	1.18	1,406,292	16.44	14,279	1.02
Central China	1,471,281	16.13	15,466	1.05	1,370,600	16.03	14,535	1.06
Western China	1,126,880	12.35	10,263	0.91	1,024,200	11.97	8,989	0.88
North Eastern China	283,061	3.10	6,178	2.18	274,860	3.21	8,902	3.24
Overseas	331,428	3.63	7,773	2.35	329,666	3.85	13,459	4.08
Head Office	593,582	6.51	14,851	2.50	601,556	7.03	12,596	2.09
Total	9,123,571	100.00	116,983	1.28	8,555,122	100.00	111,677	1.31

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.

Overdue loans and advances

(in millions of RMB unless otherwise stated)

Overdue period	31 December 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 3 months	36,327	0.40	42,389	0.50
3 months to 1 year	46,441	0.51	35,685	0.42
1 to 3 years	39,371	0.43	31,131	0.36
Over 3 years	10,819	0.12	8,893	0.10
Total	132,958	1.46	118,098	1.38

As at the end of the Reporting Period, the balance of overdue loans was 132.958 billion, increasing by 14.860 billion from the end of the previous year. The overdue ratio was 1.46%, representing an increase of 0.08 percentage point from the end of the previous year. The balance of 90-day+ overdue loans was 96.631 billion, increasing by 20.922 billion from the end of the previous year.

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Restructured loans*(in millions of RMB unless otherwise stated)*

	31 December 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Restructured loans	77,201	0.85	66,959	0.78
Including: 3-month+ overdue restructured loans	13,978	0.15	7,985	0.09

Note: Calculated pursuant to regulatory standards.

Loan migration rates (%)	2025	2024	2023
Migration rate of pass loans	1.09	1.02	1.13
Migration rate of special mention loans	19.37	17.04	24.93
Migration rate of sub-standard loans	81.58	65.85	60.90
Migration rate of doubtful loans	63.76	66.81	65.57

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

Credit risk concentration

As at the end of the Reporting Period, the total loans to the largest single customer of the Group accounted for 3.46% of the Group's net capital, and the total loans to the top 10 customers accounted for 17.15% 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)

31 December 2025

	Industry	Amount	Percentage of total loans (%)
Customer A	Production and supply of electric power, heat, gas and water	55,000	0.60
Customer B	Leasing and commercial services	35,000	0.38
Customer C	Transportation, storage and postal services	31,641	0.35
Customer D	Production and supply of electric power, heat, gas and water	31,000	0.34
Customer E	Transportation, storage and postal services	28,826	0.32
Customer F	Real estate	22,871	0.25
Customer G	Transportation, storage and postal services	17,734	0.19
Customer H	Transportation, storage and postal services	17,117	0.19
Customer I	Production and supply of electric power, heat, gas and water	16,844	0.18
Customer J	Transportation, storage and postal services	16,603	0.18
Total of top 10 customers		272,637	2.99

RISK MANAGEMENT

(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 interest rates, exchange rates, commodity prices, share prices and other factors. 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.

According to *the Administrative Measures for the Capital of Commercial Banks* issued by the National Financial Regulatory Administration and its implementation requirements, for market risk capital measurement, the Group mainly uses the standards-based approach; and during the transition period, the non-bank subsidiaries and Bank of Communications (Brazil) Co., Ltd. are using the simplified standards-based approach. The measurement of market risk capital should cover default risk, general interest rate risk, credit spread risk, stock risk in the transaction book of commercial banks, all-book exchange rate risk and commodity risk. The capital measurement results are applied to limit monitoring, performance appraisal, risk monitoring and analysis, etc.

During the Reporting Period, the Group kept improving the market risk management system, enhanced management policies and procedures, optimized the risk management system, strengthened product management, optimized limit setting, and improved derivatives business risk management. The Group closely monitored financial market fluctuations; strengthened market research and judgement, and risk monitoring and warning; enhanced risk assessment and inspection; and strictly controlled various market risk limits to continuously improve market risk management.

(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 Bank 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.

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(VI) Liquidity Risk Management

Liquidity risk is the risk that occurs when the 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 and Management Department, the Financial Markets Department, the Risk Management Department, the Operations and Channels Management Department, the subsidiaries, branches, and the competent authorities in charge of the head office of the various businesses.

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

During the Reporting Period, the Group continued to improve its liquidity risk management system, and flexibly adjusted its liquidity management strategy and business development structure and tempo when appropriate; expanded diversified financing channels, and promoted the coordinated development of its asset and liability businesses, performed cash flow measurement and analysis, closely monitored liquidity risk indicators, to ensure daily 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 scenes were appropriately set up. The results of stress tests showed that the Bank's liquidity risk was within a controllable range under various stress scenes.

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

	Standard	31 December 2025	31 December 2024	31 December 2023
Liquidity ratios (%)	≥25	75.88	73.34	64.92

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

RISK MANAGEMENT

The daily average liquidity coverage ratio of the Group during the fourth quarter of 2025 was 123.02% (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 is 92), a decrease of 5.62 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 scenes, and bonds that meet the definition of primary and secondary assets in *the Administrative Measures on Liquidity Risk of Commercial Banks*.

In the fourth quarter of 2025, the quarter-end net stable funding ratio of the Group was 110.38%, representing a decrease of 1.80 percentage points from the previous quarter, mainly due to an increase in investments in qualified high-quality liquid assets. In the third quarter of 2025, the quarter-end net stable funding ratio of the Group was 112.18%, representing a decrease of 1.01 percentage points from the previous quarter, mainly due to an increase in loans (excluding residential mortgage loans) extended to individuals, non-financial institutions, sovereigns, public sector entities and policy financial institutions. For further information on the Group's liquidity coverage ratio and net stable funding ratio, please refer to *the Pillar 3 Report* on 31 December 2025 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 our 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.

(VIII) Legal Compliance and Anti-money Laundering

The Group established a compliance management system that is appropriate to its scale of operation, business scope and risk level, continuously strengthened its capabilities to identify, monitor, prevent, control and resolve compliance risks, enhanced the quality and efficiency of compliance management, and effectively ensured lawful and compliant operation and high-quality development. During the Reporting Period, the Group continuously improved the internal control and compliance management system, 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 continuously improved the level of internal control and compliance governance. The Group also implemented the relevant requirements of the new Anti-Money Laundering Law, cooperated in international anti-money laundering assessments, carried out reforms to deepen the anti-money laundering system and mechanism, optimized the working mechanism for anti-money laundering customer due diligence, and strengthened the Group's integrated anti-money laundering management.

RISK MANAGEMENT

(IX) Reputation Risk Management

The Group implemented *the Measures for Reputation risk management of Bancassurance Institutions (Trial)*, adhered to the management strategy of prevention first, effective disposal, timely repair and comprehensive coverage, formed a long-term mechanism of normalization construction and whole process management, focused on strengthening the measures for reputation risk management of overseas institutions, further accelerated digital transformation and empowerment, continued to prevent and resolve important public opinion events, and continuously improved the reputation risk management level of the whole group. During the Reporting Period, the reputational risk management system operated effectively, and the reputational risk was properly managed and controlled.

(X) Cross-industry, Cross-border and Sovereign Risk Management

The Group has established a cross-industry and cross-border risk management system with “unified management, clear division of labor, complete tools, IT support, risk quantification and substantial consolidation”, and the risk management of its subsidiaries and offshore banks 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-industry and cross-border operations. During the reporting period, in response to the uncertainties brought about by changes in the external situation, the risk management of overseas institutions was strengthened, the institutional system was improved, the assessment mechanism was optimized, and various contingency plans were updated and rehearsals were intensified to ensure the smooth operation of the business. The Group strengthened work in key areas such as liquidity, business continuity and asset quality of overseas organizations. The Group strengthened consolidated management, refined the full life cycle management of subsidiaries at all levels, reinforced the transmission of the Group’s risk appetite, and promoted the further integration of risk governance and various types of risk management of subsidiaries into the Group’s unified risk management system. The Group strengthened sovereign risk management, carried out sovereign 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.

(XI) Management of Large Exposure Risk

The Group conscientiously implemented the requirements of *the Measures for the Management of Large Risk Exposures of Commercial Banks* of the former CBIRC, promoted the construction of the management system, continuously monitored the situation of large risk 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 risk exposure were in compliance with the regulatory requirements.

RISK MANAGEMENT

(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 total 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. The Bank established a carbon emission measurement system for investment and financing clients, and completed the latest round of carbon emission measurement for investment and financing clients through digital means. For the first time, retail assets such as housing loans and car loans were included in the measurement scope. The loan balance of invested and financed clients included in the measurement scope accounted for approximately 20.8% of the Group’s total various loans, an increase of 16.76 percentage points compared to the previous round of measurements. The Bank steadily advanced climate risk scene analysis and stress testing. The Group designed and constructed transition risk stress scenes that are in line with China’s “dual carbon” policy goals and fully aligned with internationally accepted scenes. For common natural disasters in China such as typhoons, floods and droughts, the Group constructed physical risk stress scenes by region and insured entity type. The Bank has launched the preparation of an asset portfolio transition plan, prioritizing the thermal power industry to formulate specific quantitative carbon reduction targets, and will gradually expand to other high-carbon industries such as steel, building materials, non-ferrous metals, and shipping. Training and promotion on the “dual carbon” strategy were continuously strengthened.

(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 model risk management system, standardized the full life cycle management of models, and improved the management procedures for model risk identification, assessment, control and reporting. The Bank established a bank-wide model inventory and implemented model classification and grading. The Bank continuously 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 provisioning, 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.

OUTLOOK

V. OUTLOOK

In 2026, the complexity, severity and uncertainty of the external environment will remain relatively high. However, the supporting conditions and fundamental positive trend of China's long-term economic growth will not change. The continued release of domestic demand potential and the accelerated cultivation of new quality productive forces will continuously consolidate the foundation of macroeconomic operations and enhance endogenous drivers, providing solid support and broad scope for the Bank's prudent operation and high-quality development.

2026 is the inaugural year of the national "15th Five-Year Plan", a critical year for Shanghai to advance towards a higher-level international financial center, and a pivotal year for the Group to deepen its strategic transformation and build future core competitiveness. Amid the continuous evolution of the global political and economic landscape, the solid advancement of domestic high-quality development, and the comprehensive unfolding of the blueprint for building a financial powerhouse.

The Group will adhere to the principle of seeking progress while maintaining stability and promoting stability through progress, and deeply integrate into the overall national strategy. Taking the forward-looking layout of the "15th Five-Year Plan" as a new starting point, serving the "five priorities" as the overall guide, and taking strengthening Shanghai's "home court" advantage as the focus, the Group will coordinate and advance business restructuring, technological empowerment, risk control and value returns, striving to create a new situation of high-

quality development. Based on in-depth situational analysis, the Group will accurately identify strategic opportunities and effectively avoid potential risks; further clarify strategic goals, refine implementation paths and guarantee measures; optimize capital and resource allocation, and establish a more forward-looking capital and financial planning model to ensure that resource allocation tilts towards areas aligned with the national strategic direction of the "15th Five-Year Plan" and the Group's future areas of focused development.

Focus on the "five priorities"

The Bank will continuously strengthen the comprehensive "stocks, loans, debts, leases and trust" service system for technology finance. By collaborating with asset investment companies within the Group and renowned external venture capital firms, deepening innovative models such as "loan+external direct investment" and "loan+equity" to fill gaps in traditional banking services, the Bank will focus on supporting pioneering industries including integrated circuits, biomedicine, artificial intelligence, and other national strategic emerging industries.

The Bank will comprehensively benchmark against domestic and international high standards, improving the Bank's own Environmental, Social and Governance (ESG) risk management processes, and proactively disclosing green finance achievements. The Bank will ensure that the growth rate of green credit continues to be higher than the average loan growth rate of the Bank, and increase financing support for areas such as clean energy, energy storage, green transportation, and building energy efficiency and renovation.

OUTLOOK

The Bank will achieve “volume increase, coverage expansion, quality improvement, and cost reduction”, and deepen the digital inclusive finance model. The Bank will upgrade online financing models for micro and small enterprises, individual industrial and commercial households, and new agricultural business entities, enhance “contactless” service capabilities. The Bank will promote rural revitalization services, focus on the characteristics of Shanghai’s urban modern agriculture, and innovate financial products serving seed agriculture, smart agriculture, and rural cultural tourism.

The Bank will expand ecosystem cooperation in the ageing industry. The Bank will actively support the construction and operation of projects including affordable rental housing, retirement communities, and healthcare for the elderly. The Bank will explore pilot businesses to continuously provide financing support for the stable development of the ageing industry.

The Bank will advance its digital and intelligent transformation by embracing the “AI+” wave, reshaping the new paradigm of digital and intelligent development, and driving the transition of fintech from a supporting tool to a core productive force and innovation engine. The Bank will reshape the entire business process with AI technology, build an internal “AI + Operations” intelligent core, comprehensively

upgrading intelligent risk control, and creating a digital risk management system covering the entire Group, all processes, all scenes and all products. Externally, the Bank will build an open “AI+Services” ecosystem, injecting intelligent momentum into the real economy, such as by analyzing industrial chain data through AI to provide dynamic supply chain financing and personalized inclusive financial solutions. The Bank will deeply integrate artificial intelligence into the fabric of financial services, driving the evolution of its business model towards a future bank featuring precision, adaptability and high value.

Leveraging the advantage of a Shanghai-based bank

The Bank will continue to support the construction of Shanghai’s “five centers”, and help Shanghai further deepen the high-level financial opening-up. The Bank will deeply integrate into the construction of Shanghai International Financial Center, pool the strength of the entire Group, and build the characteristic advantages of cross-border finance and sci-tech finance. The Bank will give play to the innovation source and radiation-driven role of the Shanghai-based bank, and lead the Yangtze River Delta region to achieve a leap in development level. The Bank will further enhance the contribution of the Yangtze River Delta region to the entire Group, and promote the comprehensive improvement of profitability, cost control and risk management capabilities.

OUTLOOK

Continuously optimizing business layout

The Bank will optimize the layout of credit industry, serve the real economy with high quality, and increase support for new quality productive forces, implementing a strategy of “strategic entry and exit”. The Bank will actively support the global expansion of enterprises by tailoring a comprehensive suite of financial products and services for cross-border businesses, including multi-currency account services, cross-border settlement, exchange rate risk management tools, and overseas financing solutions tailored to different stages of development. The Bank will enhance the contribution of its light-capital businesses, vigorously developing intermediary businesses such as wealth management, investment banking, transaction banking, asset custody, and financial market agency services, while maintaining overall stability of its net interest margin.

Continuously reinforcing risk management

Facing a complex and ever-changing internal and external environment, the Bank will build a more forward-looking, penetrating and intelligent comprehensive risk management system. The Bank will strengthen the top-level design of risk governance, continuously improve the collaborative operating mechanism of the “three lines of defence”, and reinforce the supervisory duties of the Board of Directors and its Risk Management Committee. The Bank will focus on resolving risks in key areas, continuously strengthening the monitoring, investigation and resolution of risks in sectors such as real estate and local government debt, formulating response plans tailored to each specific case. The Bank will maintain adequate provisioning to ensure its risk absorption capacity consistently exceeds regulatory requirements and potential risk levels. The Bank will strictly prevent case risk and operational risk to safeguard asset security and reputational safety.

MAJOR CONCERNS OF CAPITAL MARKET

VI. MAJOR CONCERNS OF CAPITAL MARKET

(I) Regarding Asset Quality of the Retail Credit

Affected by the macroeconomic environment and the downturn in the real estate market, the overall quality of domestic banking retail credit assets has been under pressure. As at the end of the Reporting Period, the non-performing loan ratio for the Bank's personal loans was 1.58%, representing an increase compared to the end of the previous year, with the trend of change generally consistent with major peers. During the Reporting Period, the Bank continuously strengthened the quality control of its retail credit assets. First, the Bank reinforced regular monitoring of retail loan asset quality, constructed a multi-dimensional asset quality monitoring system, and fully utilized various measures to provide relief and resolve temporary repayment difficulties. The Bank enhanced its capacity to dispose of non-performing loans, comprehensively utilizing write-offs, bulk transfers, securitization and other methods to clear risky loans. Second, the Bank strictly controlled the admission of new credit card customers, introduced quality external data, strengthened customer credit verification before approval and credit granting, and improved the accuracy of customer risk identification. Among customers issued new credit cards during the year, the proportion of quality customers was 95%, consistently remaining above 90%. Third, the Bank enhanced fraud risk prevention and control, continuously improving core capabilities such as the anti-fraud engine, data models, risk monitoring and strategies, and established an anti-fraud system adapted to the new risk situation. Fourth, the Bank accelerated the transformation of its collection business, deeply promoting digital empowerment and localized

operational transformation, strengthening refined management of collections, and comprehensively improving operational standards. Looking ahead, the Bank will continue to strengthen business admission and customer group management, iteratively optimize admission strategies, enhance fraud risk control, improve its collection and recovery capabilities for retail credit business, and ensure effective quality control of assets.

(II) Regarding the Development of Wealth Management Business

The supporting conditions and fundamental positive trend of China's long-term economy remain solid, placing higher demands and bringing broad opportunities for strengthening and optimizing the wealth management business.

During the Reporting Period, the Bank continuously reinforced the distinctive characteristics of its wealth management business. First, the Bank advanced the reform of the wealth management organizational structure, strengthening the coordination of the development strategy, tactics and business plans for the Bank's wealth management product and service system, thereby enhancing wealth management service capabilities. Second, the Bank promoted product innovation. Actively assisting in increasing residents' property income through multiple channels, the Bank seized opportunities presented by trends in the equity and gold markets, enriching the quality products on consignment including floating-fee funds, index funds and physical precious metals. It launched "Tun Jin Bao", an inclusive physical gold accumulation product. Third, the Bank continuously expanded customer service coverage. It carried out multiple customer asset enhancement initiatives, configured a dedicated product system

and service plans, and increased the penetration rate of wealth management customers. Fourth, the Bank advanced the digital and intelligent transformation of wealth management. New features were added to the wealth management system, including AI product interpretation and AI-assisted generation of investment research views, to meet the personalized asset allocation needs of a broad customer base. As at the end of the Reporting Period, the Bank served 6.88 million customers holding wealth management products; the balance of wealth management AUM was 2.16 trillion, an increase of 10% compared to the end of the previous year.

In the next stage, the Bank will adhere to a customer-oriented approach, deeply advance its digital and intelligent transformation, improve the wealth management business model, continuously consolidate the foundational customer base for wealth management, and further enhance its six core capabilities: customer service, investment research-driven asset allocation, product management, team professionalism, technology empowerment, and risk management. The Bank will solidify and deepen collaboration within the wealth management sector between the Bank and its subsidiaries, as well as cross-border collaboration, to promote the high-quality development of its wealth management business.

(III) Regarding the Reform and Risk Resolution of Village Banks

In order to implement the central government's directives on the reform and risk resolution of small and medium-sized financial institutions, and to fulfil the requirements of the National Financial Regulatory Administration concerning the "reform and risk

MAJOR CONCERNS OF CAPITAL MARKET

resolution" and "volume reduction and quality improvement" of rural banks, in 2024, the Bank resolved to promote the acquisition and conversion of four rural banks controlled by the Bank into branches as an important measure to implement the reform and risk resolution. Subsequently, the Bank advanced orderly the work on asset appraisal and filing, equity acquisition and agreement signing, submission of applications for relevant administrative approvals, business and system integration, account merger and personnel placement, and the integration and preparation for opening of the converted institutions for the four rural banks.

With the approval of the relevant local regulatory authorities, Dayi Rural Bank and Laoshan Rural Bank were acquired and converted into BOCOM Chengdu Dayi Sub-branch and BOCOM Qingdao International Financial Center (IFC) Sub-branch respectively in September 2025 and commenced operations smoothly. As at the end of the Reporting Period, the Bank still held 51% equity in Anji Rural Bank and Shihezi Rural Bank. The overall operation and management of these two rural banks were stable, with business integration and employee training largely completed. With regulatory approval, Anji Rural Bank was acquired and converted into BOCOM Huzhou Anji Sub-branch in February 2026 and commenced operations. At the same time, the Bank completed the acquisition of all remaining equity in Shihezi Rural Bank and the conversion and opening of this converted institution was completed in March 2026. Looking ahead, the Bank will accelerate the integration of the newly established institutions into the BOCOM system, improve synergy effects, realize the benefits of the reform, and promote high-quality development.

MAJOR CONCERNS OF CAPITAL MARKET

(IV) Regarding the Development of the Digital RMB Business

In 2025, against the backdrop of the nation's strategic policy progressing from "steadily advancing the research and application of digital RMB" to "stably developing digital RMB", the digital RMB field transcended its singular positioning, ushered in critical opportunities, and achieved substantial results.

Overall Situation of the Digital RMB Business.

As at the end of the Reporting Period, the Bank had cumulatively opened over 23 million personal wallets, an increase of 20.84% compared to the end of the previous year; cumulatively opened over 900,000 corporate master wallets, an increase of 26.17% compared to the beginning of the year; and achieved a cumulative transaction amount exceeding 1 trillion, an increase of 128.02% compared to the end of the previous year. The cumulative number of partner institutions connected and launched for digital RMB Tier 2.5 cooperation exceeded 100.

Latest Achievements in Digital RMB. First, breakthroughs in technological capabilities. Responding swiftly to the requirements of the People's Bank of China's measurement framework and interest-bearing transformation, the Bank created a highly reusable, loosely coupled system architecture based on the concept of "One BOCOM, One Customer", integrating digital RMB into the Bank's existing system. Second, distinctive cross-border features. As one of the first batch of participating banks in the "Multiple Central Bank Digital Currency Bridge" project, the Bank integrated the mBridge as an important channel into the automated processes of international settlement products such as T/T remittances, letters of credit, collections, and factoring. This enabled 26 domestic branches to conduct convenient cross-border settlements in RMB and HKD via the mBridge, with total transaction volume and activity consistently

ranking among the top in the industry. The Bank innovatively explored the mBridge agent clearing model, providing a cross-border payment solution for digital RMB cooperative institutions, achieving zero breakthroughs in the industry. Third, innovative application of smart contracts. Based on the smart contract ecological service platform established by the Digital Currency Institute of the People's Bank of China, the Bank has extensively applied smart contracts in areas such as supply chain financing, government procurement supervision and subsidy disbursement, fund supervision for "Yuan Guan Jia", and blockchain cross-chain automatic settlement. Fourth, construction of an umbrella-style master-sub wallet system. By introducing licensed payment institutions already included in the digital RMB pilot scope and utilizing the online opening, sub-ledgering and aggregation functions of umbrella-style wallets, the Bank further lowered the threshold for payment institutions' merchants to accept digital RMB. The Bank increased the application of umbrella-style wallets in various scenes, including online platforms, government service platforms, cross-border payments and Party fee payments, meeting the needs for temporary fund collection, secondary settlement, withdrawal and aggregation among different entities. Fifth, continuous brand building of the "Digital RMB Monthly Enjoyment Festival", actively integrating online and offline platform resources and striving to create an industry benchmark. The consumption promotion activities of the Digital RMB Monthly Enjoyment Festival, started on the 16th of each month in 2025, directly advancing over 12 million digital RMB payment transactions processed by the Bank, with a transaction amount exceeding 700 million. These activities deeply tapped the potential of cultural tourism consumption, strengthened the application of digital RMB in cultural tourism consumption areas such as travel consumption, cruise resort area construction and international cruise transportation, thereby building a rich and diverse intelligent financial ecosystem.

CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

(I) Table of Changes in Ordinary Shares

1. Table of 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.

	31 December 2025		Increase/ decrease during the Reporting Period	31 December 2024	
	Number of shares (share)	Percentage (%)		Number of shares (share)	Percentage (%)
I. Shares subject to sales restrictions	31,833,482,023	36.03	31,833,482,023	-	-
1. State-owned shares	30,942,772,271	35.02	30,942,772,271	-	-
2. Shares held by state-owned legal persons	890,709,752	1.01	890,709,752	-	-
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	-17,732,424,445	74,262,726,645	100.00
1. Renminbi ordinary shares	26,072,439,569	29.51	-13,178,424,446	39,250,864,015	52.85
2. Domestically listed foreign shares	-	-	-	-	-
3. Overseas listed foreign shares	30,457,862,631	34.47	-4,553,999,999	35,011,862,630	47.15
III. Total shares	88,363,784,223	100.00	14,101,057,578	74,262,726,645	100.00

2. Explanation of changes in ordinary shares

Pursuant to the Approval on the Registration of the Issuance of Shares by Bank of Communications Co., Ltd. to Specific Targets (CSRC Approval [2025] No. 1081) issued by the CSRC in May 2025, the Bank completed in June 2025 the issuance of 14,101,057,578 RMB ordinary shares (A shares) to specific targets, namely Ministry of Finance, China National Tobacco Corporation (“**CNTC**”), and China Doublewin Investment Co., Ltd. (“**CDIC**”). The closing price of A shares on the most recent trading day before the signing of the subscription agreement was RMB7.36 per share. The Bank issued the shares at a price of RMB8.51 per share, raising total proceeds of RMB120,000,000,000. After deducting issuance expenses, the actual net proceeds amounted to approximately RMB119,940,554,882.23, with net proceeds per share of RMB8.51. Upon the issuance of A shares to specific targets, the number of total shares of the Bank increased from 74,262,726,645 shares to 88,363,784,223 shares. For details, please refer to the announcement of the Bank dated 18 June 2025.

CHANGES IN SHARES AND SHAREHOLDERS

3. *Effects of changes in ordinary shares on the financial indicators such as earnings per share and net assets per share*

During the Reporting Period, the Bank issued 14,101,057,578 ordinary A shares to specific targets. This change led to an increase in the Bank's total share capital and net assets, resulting in a dilution effect on earnings per share and net assets per share.

(II) Trading Date of Shares subject to Sales Restrictions

Date	Number of new shares for trading upon the expiry of the sales restrictions (share)	Balance of shares subject to sales restrictions (share)	Balance of shares not subject to sales restrictions (share)	Description
17 December 2026	17,732,424,445	14,101,057,578	74,262,726,645	The Ministry of Finance of the People's Republic of China
17 June 2030	14,101,057,578	–	88,363,784,223	The Ministry of Finance of the People's Republic of China, China National Tobacco Corporation, and China Doublewin Investment Co., Ltd.

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 31 December 2025.

CHANGES IN SHARES AND SHAREHOLDERS

(III) 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 (share)	Date on which shares may be traded	Number of new shares for trading (share)	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 issuance of A shares
		13,210,347,826	17 June 2030	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 5 years from the date of equity acquisition upon the issuance of A shares
2	China National Tobacco Corporation	538,183,313	17 June 2030	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 5 years from the date of equity acquisition upon the issuance of A shares
3	China Doublewin Investment Co., Ltd.	352,526,439	17 June 2030	–	The A shares subscribed for in this issuance shall be subject to a lock-up period of 5 years from the date of equity acquisition upon the issuance of A shares

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 31 December 2025.

CHANGES IN SHARES AND SHAREHOLDERS

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 300,350, of which 272,268 were holders of A shares and 28,082 were holders of H shares. As at 28 February 2026, the total number of shareholders of ordinary shares of the Bank was 338,531, of which 310,669 were holders of A shares and 27,862 were holders of H shares.

(I) Shareholdings of Top 10 Ordinary Shareholders as at the end of the Reporting Period¹

Name of shareholders (full name)	Increase or decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	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 ²	13,210,347,826	26,388,772,272	29.86	A share	Nil	26,388,772,272	Government
	-	4,553,999,999	5.15	H share	Nil	4,553,999,999	
The Hongkong and Shanghai Banking Corporation Limited ^{3,5}	-	14,135,636,613	16.00	H share	Nil	-	Foreign legal entity
The National Council for Social Security Fund ^{4,5}	-	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 ^{5,6}	8,697,208	7,727,420,602	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
Hong Kong Securities Clearing Company Limited	(559,038,028)	889,185,343	1.01	A share	Nil	-	Foreign legal entity
Shanghai Haiyan Investment Management Co., Ltd. ⁶	-	808,145,417	0.91	A share	Nil	-	State-owned legal entity
Yunnan Hehe (Group) Co., Ltd. ⁶	-	745,305,404	0.84	A share	Nil	-	State-owned legal entity
China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu	558,838,893	670,008,647	0.76	A share	Nil	-	Other

Notes:

- 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.
- The Bank completed in June 2025 the issuance of 14,101,057,578 ordinary A shares to three specific targets, including the Ministry of Finance of the People's Republic of China. The lock-up period for all the shares under the issuance is 5 years from the date of acquisition of equity. The Ministry of Finance of the People's Republic of China has committed that the lock-up period for the 13,178,424,446 A shares and 4,553,999,999 H shares of the Bank originally held by it shall be 18 months from the date of equity acquisition upon the issuance of A shares by the Bank.
- 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**").

CHANGES IN SHARES AND SHAREHOLDERS

4. Including the 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of SSF. Other than the above shareholdings, SSF held additional 610,064,000 H shares, which were indirectly held by certain asset managers (including Hong Kong Stock Connect). As at the end of the Reporting Period, SSF held a total of 12,148,552,900 A shares and H shares of the Bank, representing 13.75% of the Bank's total ordinary shares issued.
5. 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 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.
6. 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* (CBIRC 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*.
7. 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) Table of Shareholdings of 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	7,727,420,602	H share
China Securities Finance Corporation Limited	1,891,651,202	A share
Capital Airports Holdings Company Limited	1,246,591,087	A share
Hong Kong Securities Clearing Company Limited	889,185,343	A share
Shanghai Haiyan Investment Management Co., Ltd.	808,145,417	A share
Yunnan Hehe (Group) Co., Ltd.	745,305,404	A share
China Life Insurance Company Limited – Traditional – Ordinary insurance products – 005L – CT001 Hu	670,008,647	A share
FAW Equity Investment (Tianjin) Co., Ltd.	663,941,711	A share

CHANGES IN SHARES AND SHAREHOLDERS

(III) Controlling Shareholders

There was no controlling shareholder or actual controller of the Bank prior to the completion of issuance of A shares to specific targets. As at the end of the Reporting Period, the controlling shareholder of the Bank was Ministry of Finance.

(IV) Substantial Shareholders

Pursuant to *the Provisional Measures on the Administration of Equities of Commercial Bank* (CBIRC Decree [2018] No. 1), as at the date of disclosing this report, the Bank's substantial shareholders including Ministry of Finance, HSBC, SSF, 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, 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 HKD123,948,479,495.00 and USD7,198,000,000.00, which was divided into 49,579,391,798 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.

CHANGES IN SHARES AND SHAREHOLDERS

- (3) 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 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 South Wing, Fortune Time Building, No. 11 Fenghuiyuan, Xicheng District, Beijing. Its unified social credit code is 12100000717800822N. Pursuant to the regulations of Ministry of Finance and Ministry of Human Resources and Social Security, 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, SSF held a total of 12,148,552,900 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 related party transactions between the Bank and Ministry of Finance and SSF, please refer to “Note 45 to the Consolidated Financial Statements: Related party transactions”.

2. Other substantial shareholders under regulatory standards

Pursuant to *the Provisional Measures on the Administration of Equities of Commercial Bank* (CBIRC 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 Zhang Jianmin. 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 behalf.

As at the end of the Reporting Period, the Bank was involved in credit-related related-party transactions with the its substantial shareholder, CNTC and its related parties, including various loans, irrevocable commitments and contingent liabilities. As at the end of the Reporting Period, the aggregate net on-and off-balance sheet credit amount was RMB548 million. All transactions between the Bank and its substantial shareholders and their related parties were conducted in accordance with normal commercial terms and conditions, and the terms were fair and reasonable.

CHANGES IN SHARES AND SHAREHOLDERS

(V) Substantial Shareholders and Holders of Interest or Short Positions Required to be Disclosed under Division 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	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	Long position	49.46	29.86
The National Council for Social Security Fund	Beneficial owner	3,105,155,568	Long position	5.82	3.51

Name of substantial shareholders	Capacity	Number of H 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	9,043,397,332 ⁴	Long position	25.83	10.23

Notes:

1. Long positions held other than through equity derivatives.
2. To the knowledge of the Bank, as at the end of the Reporting Period, 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 total ordinary shares issued by the Bank.
3. HSBC Holdings plc wholly owns HSBC Asia Holdings Limited, which wholly owns HSBC. HSBC beneficially held 14,135,636,613 H shares of the Bank. Pursuant to the SFO, HSBC Holdings plc was deemed to own the interests associated with 14,135,636,613 H shares held by HSBC.
4. To the knowledge of the Bank, as at the end of the Reporting Period, SSF held a total of 9,043,397,332 H shares and 3,105,155,568 A shares (please refer to the details in Shareholdings of Top 10 Ordinary Shareholders and relevant notes) of the Bank, respectively representing 10.23% and 3.51% of the Bank's total ordinary shares issued.

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 Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CHANGES IN SHARES AND SHAREHOLDERS

III. INFORMATION OF PREFERENCE SHARES

(I) Information of Preference Shareholders

As at the end of the Reporting Period, the number of shareholders of preference shares of the Bank was 68. As at 28 February 2026, the number of shareholders of preference shares of the Bank was 68.

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

Name of shareholders	Increase or decrease during the Reporting Period (share)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
China Mobile Communications Group Co., Ltd.	–	100,000,000	22.22	Domestic preference share	Nil	State-owned legal entity
CITIC Trust Co., Ltd. - CITIC Trust Youyue No.3 Collective Capital Trust Plan	20,000,000	20,000,000	4.44	Domestic preference share	Nil	Others
CSCF – China Merchants Bank – CSCF Baofu No.3 Collective Capital Management Plan	19,350,000	19,350,000	4.30	Domestic preference share	Nil	Others
Ping An Life Insurance Company of China, Ltd. – Self-owned fund	–	18,000,000	4.00	Domestic preference share	Nil	Others
HwaBao Trust Co., Ltd. – HwaBao Trust – Baofu Investment No. 1 Collective Capital Trust Plan	(23,050,000)	16,100,000	3.58	Domestic preference share	Nil	Others
China National Tobacco Corporation – Henan Branch	–	15,000,000	3.33	Domestic preference share	Nil	State-owned legal entity
China Life Property & Casualty Insurance Company Limited – Traditional – Common insurance product	–	15,000,000	3.33	Domestic preference share	Nil	Others
Ping An Property & Casualty Insurance Company of China, Ltd. – Traditional – Common insurance product	–	13,800,000	3.07	Domestic preference share	Nil	Others
CSCF – Bank of China – CSCF – Youxiang No. 33 Collective Asset Management Plan of Bank of China	3,900,000	11,200,000	2.49	Domestic preference share	Nil	Others
CCB Principal Capital Management –CCB – Zhuoyue No. 6 Collective Asset Management Plan of CCB Principal Capital Management	10,735,000	10,735,000	2.39	Domestic preference share	Nil	Others

Notes:

- Shareholdings of preference shareholders are summarized 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* issued by the former CBIRC, to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related with 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 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

The Bank distributed dividends annually for the preference shares in cash. In the event that the Bank resolved to cancel part or all of the dividends of preference shares, the difference in the amount of dividends not fully paid to the shareholders of preference shares in the current period did not accrue to the subsequent interest period. Preference shareholders would not participate in the distribution of the residual earnings with ordinary shareholders after receiving dividends as agreed.

In accordance with the resolution and authorization of the Shareholders' Meeting, the 24th meeting of the 10th Session of the Board of Directors of the Bank was held on 29 August 2025, at which the proposal for the dividend distribution of "BOCOM PREF1" was considered and approved. The dividend on "BOCOM PREF1" was calculated at the nominal dividend yield of 4.07% and amounted to RMB1,831,500,000, which was distributed on 8 September 2025 in cash. Please refer to the announcement published by the Bank on 30 August 2025 for details of dividends distribution of preference shares.

(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 Ministry of Finance, *the International Financial Report Standards 9 – Financial Instruments and the International Accounting Standards 32 – Financial Instruments: Presentation* issued by International Accounting Standards Board as well as substantial terms and conditions of the preference shares issued by the Bank, the preference shares of the Bank were classified as equity instruments.

IV. ISSUANCE, LISTING, TRADING AND REDEMPTION/PAYMENT 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. 2 – Content and Format of the Annual Report and the Administrative Measures for Information Disclosure of Enterprise Credit Bonds*. 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 did not issue preference shares during the past three years. During the Reporting Period, there was neither any redemption nor conversion of preference shares.

The Bank has no employee stock.

CHANGES IN SHARES AND SHAREHOLDERS

(I) Issuance of Securities

Please refer to the section entitled “Explanation of changes in ordinary shares” in this chapter.

(II) Issuance, Redemption/Payment of Bonds

In April 2025, the Bank issued RMB30.0 billion of green financial bonds in the national inter-bank bond market, including RMB25.0 billion with a term of 3 years and a coupon rate of 1.70%, and RMB5.0 billion with a term of 5 years and a coupon rate of 1.76%.

In May 2025, the Bank issued RMB20.0 billion of sci-tech innovation bonds in the national inter-bank bond market, including RMB15.0 billion with a term of 3 years and a coupon rate of 1.65%, and RMB5.0 billion with a term of 5 years and a coupon rate of 1.77%.

In June 2025, the Bank issued RMB40.0 billion of total loss absorbing capacity non-capital bonds in the national inter-bank bond market, including RMB34.0 billion with a term of 3+1 years and a coupon rate of 1.79%, and RMB6.0 billion with a term of 5+1 years and a coupon rate of 1.88%.

In July 2025, the Bank issued RMB30.0 billion of total loss absorbing capacity non-capital bonds in the national inter-bank bond market with a term of 3+1 years. Among them, RMB25.0 billion was fixed-rate bonds with a coupon rate of 1.78%, and RMB5.0 billion was floating-rate bonds with a coupon rate of 1.82% (for the first period).

In November 2025, the Bank issued RMB30.0 billion of total loss absorbing capacity non-capital bonds in the national inter-bank bond market with a term of 3+1 years. Among them, RMB26.0 billion was fixed-rate bonds with a coupon rate of 1.93%, and RMB4.0 billion was floating-rate bonds with a coupon rate of 1.94% (for the first period).

In May and September 2025, the Bank fully redeemed RMB40.0 billion of tier-2 capital bonds and RMB30.0 billion of undated capital bonds, respectively, issued in the national inter-bank bond market. In November 2025, the Bank fully redeemed USD2.8 billion of undated capital bonds issued in the overseas market. In June and December 2025, the Bank redeemed RMB60.0 billion of special financial bonds upon maturity for loans to small and micro enterprises issued in the national inter-bank bond market. In August and December 2025, the Bank redeemed RMB30.0 billion of green financial bonds upon maturity issued in the national inter-bank bond market. Please refer to “Note 30 to the Consolidated Financial Statements: Debt securities issued” for details of other bonds issued and still in existence by the Bank and its subsidiaries.

(III) Equity Linked Agreement

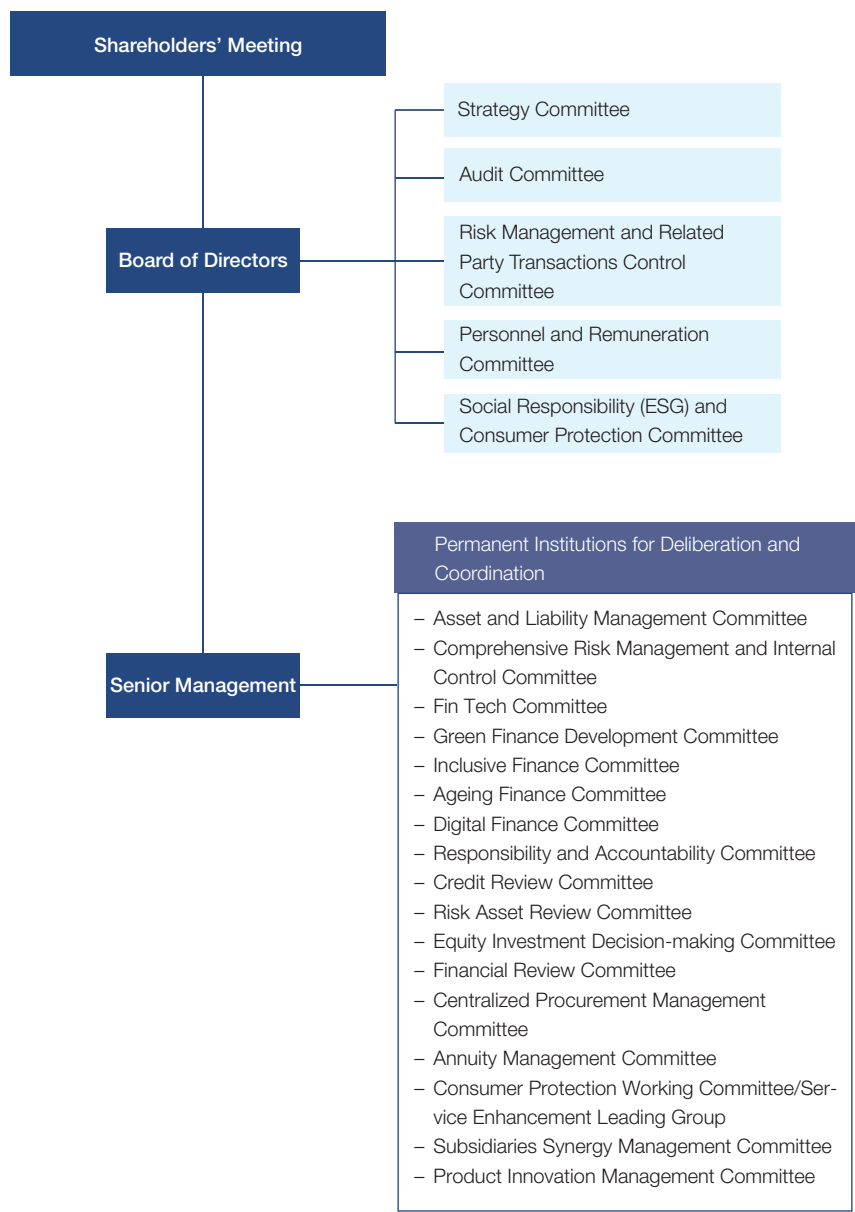
The Bank privately issued domestic preference shares with an amount of 450 million in September 2016. Assuming that the Bank triggers a mandatory share conversion event and all preference shares are mandatorily required to be converted into ordinary shares at the initial share conversion price, the number of the above domestic preference shares being converted into ordinary A shares will not exceed 7.2 billion shares. Please refer to “Note 33 to the Consolidated Financial Statements: Other equity instruments” for other details of domestic preference shares.

CORPORATE GOVERNANCE

The Bank’s vision is “constructing the bank with the best corporate governance”. The Bank continues to pursue best practices of corporate governance. While improving corporate governance, the Bank strengthens the Party’s leadership, continues to enhance the framework of corporate governance, and continuously improves the scientific nature, integrity and effectiveness of corporate governance. During the Reporting Period, there was no deviation between the Bank’s corporate governance conditions and *the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China* as well as the relevant normative documents and requirements on the governance of listed companies issued by CSRC.

I. CORPORATE GOVERNANCE STRUCTURE

The Bank established and improved a modern financial enterprise governance mechanism characterized by “legally defined powers and responsibilities, transparent allocation of powers and responsibilities, coordinated operations, and effective checks and balances”.



CORPORATE GOVERNANCE

II. CURRENT STATUS OF CORPORATE GOVERNANCE

The Bank actively built a diversified and professional Board of Directors with international horizons. The Bank effectively carried out the core responsibilities of strategic decision-making of the Board of Directors, expert consultation and supervision, and fostered the governance culture and values featured with prudence, compliance, openness and transparency. The senior management conscientiously implemented business development strategies and various decisions of the Shareholders' Meeting and the Board of Directors to achieve the business management goals and promote the high-quality development of the Bank.

During the Reporting Period, the Bank earnestly implemented relevant requirements, optimized the corporate governance system, and successfully completed the reform of the Supervisory Board and supervisors. It refined and iterated the duties and functions of the Audit Committee, defined key supervision areas and matters, established and improved the working mechanisms for the Audit Committee to deliberate on proposals, listen to reports and attend other special committees, and explored the establishment of a collaborative coordination mechanism with other supervision institutions to ensure the effective continuation of the original functions of the Supervisory Board. The Bank comprehensively revised the Articles of Association, *the Procedural Rules of the Shareholders' General Meeting*, *the Procedural Rules of the Board of Directors*, and the code of practice of special committees under the Board of Directors, thereby improving and strengthening the corporate governance system of "one articles of association, two procedural rules, and five codes of practice". The Bank formulated *the Market Value Management Measures* to further enhance the scientific and standardized management of market value. Please refer to the relevant announcement disclosed by the Bank on the website of the Bank, the website of the SSE and the "HKExnews" website of Hong Kong Stock Exchange on 25 September 2025 for the amended Articles of Association.

Corporate governance operations of the Bank were in compliance with the relevant laws, administrative regulations, and the regulations of CSRC and NFRA on the governance of listed companies, and there were no material differences.

III. SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

(I) Shareholders

The largest three shareholders of the Bank are Ministry of Finance, HSBC and SSF. The Bank was independent from all shareholders in terms of its businesses, employees, assets, institutions and finance and possessed the capacity of independent and complete autonomy over its business and operations. The entire businesses of the Bank were listed as a whole and there were no horizontal competition or related transactions arising from certain restructurings. The Bank laid great importance to the protection of shareholders' equity and maintained smooth communication channels with shareholders through holding Shareholders' Meetings and results announcement briefings, hosting shareholders and setting up investor hotline and emails to ensure that all shareholders enjoy equal status and have the right of knowledge, participation and voting on significant matters. Shareholders can make inquiries to the Board of Directors and make proposals at the Shareholders' Meeting through the contacts and contact information listed in the "Corporate Information" of this Annual Report. Please refer to Article 94 and Article 106 of the Articles of Association of the Bank for the method of convening the Extraordinary Shareholders' Meeting and the procedure of putting forward proposals at the Shareholders' Meeting.

CORPORATE GOVERNANCE

(II) Shareholders' Meetings

The Shareholders' Meeting is the highest authority of the Bank, and exercises relevant functions in accordance with laws. During the Reporting Period, the Shareholders' Meetings were convened and held in strict accordance with the relevant laws and regulations and the Articles of Association of the Bank. Please refer to the relevant announcements disclosed by the Bank on the website of the Bank, the website of the SSE and the "HKExnews" website of Hong Kong Stock Exchange on 25 September 2025 for details of the meeting.

(III) Implementation of the Resolutions of Shareholders' Meeting By the Board of Directors

The Board of Directors of the Bank fully promoted and implemented the relevant resolutions passed by Shareholders' Meeting during the Reporting Period, and exercised its functions and powers in strict accordance with *the Bank's Authorisation to Board of Directors by the Shareholders' General Meeting*.

IV. BOARD OF DIRECTORS AND SPECIAL COMMITTEES

The Bank developed complete and sound procedures for the nomination and election of Directors, which are specified in the Articles of Association. The Bank understands and recognizes the importance of diversification of members of the Board of Directors, which the Bank views as the vital aspect to improve the effectiveness of corporate governance and to achieve the sustainable development of the Bank. During the process of nominating and appointing members of the Board of Directors, the Bank fully considered the objectives and requirements of diversified candidates, including talent and skills, industry experience, educational background, cultural value, gender, age, etc., to ensure that the Board of Directors could effectively perform its functions from a professional and diversified perspective. The Bank's Board of Directors aims to maintain at least one female director. The term of office of the Directors of the Bank is 3 years. Directors can be re-elected upon expiry of the term of office and Independent Non-executive Directors' accumulated tenure in the Bank cannot exceed 6 years.

(I) Constitution of the Board of Directors

As at the end of the Reporting Period, the Board of Directors comprised 15 members, including 4 Executive Directors, namely Mr. Ren Deqi, Mr. Zhang Baojiang, Mr. Yin Jiuyong and Mr. Zhou Wanfu, among which, Mr. Ren Deqi was appointed as the Chairman and Mr. Zhang Baojiang was appointed as the Vice Chairman, 5 Non-executive Directors, namely Mr. Chang Baosheng, Mr. Liao, Yi Chien David, Mr. Chan Siu Chung, Mr. Mu Guoxin, Mr. Ai Dong, and 6 Independent Non-executive Directors, namely Mr. Shi Lei (Ms. Liu Ruixia was appointed in replacement of Mr. Shi Lei as the Independent Non-executive Director of the Bank in January 2026), Mr. Zhang Xiangdong, Ms. Li Xiaohui, Mr. Ma Jun, Mr. Wong Tin Chak and Mr. Xiao Wei.

CORPORATE GOVERNANCE

The Bank ensures that all directors adhere to high ethical standards. The Executive Directors, who have extensive professional knowledge and business management experience of banking, are engaged in the operation and management of commercial banks. With years of experience in fiscal, economic, financial, auditing, and business management sectors, the Non-executive Directors have developed in-depth understanding of policies and practical experience in management. As experts and scholars in domestic and overseas economic, financial, auditing and legal fields, the Independent Non-executive Directors are familiar with domestic and overseas regulatory requirements, laws and regulations, corporate governance, operation and management of commercial banks. The number of Independent Non-executive Directors of the Bank accounted for one-third of the total number of Directors, which met the regulations requirements.

Constitution of the Board of Directors at the end of the Reporting Period

Type of Director	Executive Director	Non-executive Director	Independent Non-executive Director
	4	5	6
Origin of Director	China	Hong Kong, China	
	11	4	
Age of Director	Below 50	50-60	Over 60
	0	7	8
Gender of Director	Male	Female	
	14	1	
Term of Office of Director	Over 3 years	Below 3 years	
	9	6	

(II) Responsibilities of the Board of Directors

The Board of Directors, the decision-making institution of the Bank, is responsible for the Shareholders' Meeting and takes ultimate responsibilities for business management. The Board of Directors exercises powers and performs duties within the terms of reference as stipulated under the laws, regulations and the Articles of Association of the Bank and as authorized by the Shareholders' Meetings to protect the legitimate interests of the Bank and its shareholders. The main responsibilities include convening and reporting to Shareholders' Meetings, executing resolutions of Shareholders' Meetings, determining business plans and investment proposals, developing profit distribution plan, etc. as set forth in the Articles of Association.

CORPORATE GOVERNANCE

During the Reporting Period, the Board of Directors continued to promote strategic implementation and transformation development, and achieved the main business objectives of the Group. During the Reporting Period, the Bank distributed approximately RMB28.146 billion in dividends on ordinary shares for the year 2024 and introduced an interim dividend for the second consecutive year, thereby maintaining a good level of shareholder returns. During the Reporting Period, the Board of Directors primarily carried out its work in the following six areas: first, it improved the governance system, facilitating the completion of the reform of the Board of Supervisors and Supervisors; second, it strengthened the development of the Board of Directors, enhancing the effectiveness of corporate governance operations; third, it adhered to strategic guidance, continuously enhancing capabilities for high-quality development; fourth, it coordinated development and safety, comprehensively strengthening risk control capabilities; fifth, it practiced ESG concepts, demonstrating the responsibility and commitment of a major state-owned bank; and sixth, it strengthened investor relations and information disclosure, continuously enhancing the quality and effectiveness of market communication and information disclosure.

During the Reporting Period, in strict accordance with laws, regulations and supervisory rules such as *the Company Law*, *the Code of Corporate Governance of Listed Companies* and *the Corporate Governance Standards for Banking and Insurance Institutions* as well as the Articles of Association of the Bank, Directors of the Bank faithfully, diligently, conscientiously and prudently fulfilled their duties, conscientiously attended the Shareholders' Meeting, meetings of the Board of Directors, Special Committees under the Board of Directors and other relevant meetings and carefully reviewed various proposals. The Directors made decisions on the strategic management, risk management, internal control, profit distribution, nomination and compensation, related party transactions and other major issues of the Bank, and raised no objection to the resolutions of the Board of Directors. The Bank further strengthened its follow-up and evaluation of Directors' comments and recommendations, regularly reviewing the management's implementation progress and providing timely feedback to the relevant Directors, thereby further enhancing the effectiveness of corporate governance.

In addition, the Bank's corporate governance functions specified in the Corporate Governance Code are also performed by the Board of Directors. During the Reporting Period, the work carried out by the Board of Directors in this regard included regular inspection and evaluation of the implementation of the corporate governance system, inspection of the Bank's policies and practices in compliance with legal and regulatory provisions and review of the Bank's compliance with the Corporate Governance Code and its disclosure in this section.

CORPORATE GOVERNANCE

(III) Meetings of the Board of Directors

The Bank formulated *Rules of Procedures for the Board of Directors Meetings*, which specified stringent requirements regarding the convening manner, notice, procedures, agendas and minutes of the Board's meetings. During the Reporting Period, the Board of Directors of the Bank held nine meetings, including eight on-site meetings and one written resolution by means of circulation for consideration. The meeting reviewed and approved 97 proposals such as Periodical Results Announcement, Annual Business Plan, Profit Distribution Plan, Fixed Assets Investment Plan, Issuance of A Shares to Specific Targets. The Special Committees under the Board of Directors held 28 meetings, including 25 on-site meetings. All of the above meetings were held in accordance with the requirements of the Code of Corporate Governance, the Articles of Association and *the Rules of Procedures for Board of Directors Meetings*. Attendance of Directors of the Bank at the Shareholders' Meeting, meetings of the Board of Directors and Special Committees under the Board of Directors during the Reporting Period is set out as follows:

	Attendance at on-site meetings in person/Number of on-site meetings					
	Special Committees under the Board of Directors					
	Board of Directors	Strategy Committee (Inclusive Finance Development Committee)	Audit Committee	Risk Management and Related Party Transaction Control Committee	Personnel and Remuneration Committee	Social Responsibility (ESG) and Consumer Protection Committee
Executive Director						
Ren Deqi	8/8	6/6	—	—	—	—
Zhang Baojiang	8/8	4/6	—	—	—	3/3
Yin Jiuyong	7/8	—	—	5/6	—	—
Zhou Wanfu	8/8	—	—	—	—	3/3
Non-executive Director						
Chang Baosheng	8/8	—	5/5	—	—	3/3
Liao, Yi Chien David	6/8	—	—	—	3/5	—
Chan Siu Chung	8/8	—	—	—	—	3/3
Mu Guoxin	7/8	6/6	1/1	5/5	—	—
Ai Dong	4/5	2/3	2/2	—	—	—
Independent Non-executive Director						
Shi Lei	8/8	—	3/4	1/1	4/5	—
Zhang Xiangdong	7/8	—	5/5	6/6	—	—
Li Xiaohui	8/8	—	5/5	—	5/5	—
Ma Jun	8/8	4/6	—	1/6	—	—
Wong Tin Chak	8/8	—	5/5	6/6	—	—
Xiao Wei	8/8	—	1/1	5/5	5/5	—
Former Director						
Chen Junkui	2/3	2/3	1/2	—	—	—
Li Longcheng	4/4	—	3/3	—	2/2	—
Wang Linping	4/4	4/4	—	4/4	—	—
Luo Xiaopeng	5/5	5/5	—	—	—	2/2

Note: Directors who were unable to attend meetings of the Board of Directors or Special Committees under the Board of Directors in person had entrusted other directors to attend and exercise voting rights on their behalf.

CORPORATE GOVERNANCE

(IV) Special Committees under the Board of Directors

The Board of Directors set up Strategy Committee, Audit Committee, Risk Management and Related Party Transaction Control Committee, Personnel and Remuneration Committee and Social Responsibility (ESG) and Consumer Protection Committee, among which, the Risk Management and Related Party Transaction Control Committee assumed the responsibilities of the US Risk Management Committee, and the Personnel and Remuneration Committee performed the functions both nomination and remuneration.

As at the end of the Reporting Period, the constitution of Special Committees under the Board of Directors was as follows:

Directors/Special Committees under the Board of Directors	Strategy Committee	Audit Committee	Risk Management and Related Party Transaction Control Committee	Personnel and Remuneration Committee	Social Responsibility (ESG) and Consumer Protection Committee
Executive Director					
Ren Deqi	Chairman				
Zhang Baojiang	Member				Chairman
Yin Jiuyong			Member		
Zhou Wanfu					Member
Non-executive Director					
Chang Baosheng		Member			Member
Liao, Yi Chien David				Member	
Chan Siu Chung					Member
Mu Guoxin	Member	Member			
Ai Dong	Member				
Independent Non-executive Director					
Shi Lei			Member	Member	
Zhang Xiangdong		Member	Chairman		
Li Xiaohui		Chairman		Member	
Ma Jun	Member		Member		
Wong Tin Chak		Member	Member		
Xiao Wei		Member		Chairman	

CORPORATE GOVERNANCE

During the Reporting Period, the performance results of each Special Committee under the Board of Directors were as below:

1. Strategy Committee. The Strategy Committee is primarily responsible for deliberating and studying the Bank's development strategy, medium and long-term development plans and financial technology plans, etc., regularly inspecting, monitoring and evaluating the implementation, and revising and improving them in a timely manner as needed, and making recommendations to the Board of Directors; reviewing the development strategic plans, important policies and systems for key businesses such as sci-tech finance, green finance, inclusive finance, ageing finance, and digital finance, and evaluating their development effectiveness; regularly analyzing and evaluating the Bank's assets management, deliberating and studying capital planning and capital replenishment plans, and making recommendations to the Board of the Directors; deliberating and studying the Bank's significant investment plans (including significant equity investment) and making recommendations to the Board of the Directors; deliberating and studying the Bank's annual business plans, inspecting, monitoring and evaluating the implementation, and making recommendations to the Board of Directors; deliberating and studying the establishment of internal functional departments of the Bank and the establishment plans of domestic first-tier branches, overseas branches and domestic and foreign subsidiaries, and making recommendations to the Board of Directors; inspecting and evaluating the implementation of the Bank's corporate governance system, monitoring and evaluating the compliance and effectiveness of corporate governance, and making recommendations to the Board of Directors on formulating and improving corporate governance policies and systems; and performing other duties stipulated by laws and regulations, securities

regulatory authorities and stock exchanges at the place where the shares of the Bank are listed and authorized by the Board of Directors.

During the Reporting Period, the Strategy Committee held 6 meetings on 16 January, 19 March, 30 March, 28 April, 28 August, and 29 October, respectively, reviewed and approved 45 proposals and reports, and presented professional recommendations to the Board of Directors. The Committee effectively played a strategic leading role, facilitating the completion of a capital replenishment of RMB120.0 billion, which provided strong capital support for the high-quality development during the "15th Five-Year Plan" period. The Committee formulated *the Implementation Plan for the Reform of the Board of Supervisors* and *the Plan for Optimizing the Functional Structure of the Office of Directors and Supervisors*, promoting the completion of the reform of the Board of Supervisors. To strengthen the governance system, it submitted the Articles of Association, *the Procedural Rules of the Shareholders' Meeting*, *the Procedural Rules of the Board of Directors*, and *the Working Rules of the Strategy Committee to the Board of Directors* for approval. The Strategy Committee studied and deliberated on key equity investment projects in areas such as sci-tech finance and green finance, as well as major proposals such as the establishment of a digital operation center and adjustments to the management structure of overseas branches, effectively safeguarding and promoting the reform and development of the Bank. During the deliberation of proposals, the Strategy Committee proposed to take the capital replenishment as an opportunity to strengthen capital management and strive to enhance the efficiency of capital utilization and the level of returns, while streamlining systems and mechanisms, and leveraging the Bank's resource endowment to synergistically advance the "five priorities" of finance, and enhance the value creation capacity.

CORPORATE GOVERNANCE

2. Audit Committee. After the reform of the Board of Supervisors was completed, the original functions of the Board of Supervisors were assumed by the Audit Committee. The Audit Committee is mainly responsible for examining the Bank's financial affairs, including but not limited to reviewing the Bank's financial information and disclosures, examining accounting policies and practices, supervising the financial position and financial reporting process, and issuing an opinion on the financial report; supervising the conduct of Directors and senior management in the performance of their duties, requiring them to rectify actions that harm the interests of the Bank; making recommendations for dismissal of Directors and senior management who violate laws, regulations, the Articles of Association or resolutions of the shareholders' meeting, and initiating legal proceedings against those who cause losses to the Bank; supervising and evaluating the relationship between the Bank and the external auditors and the work of the external auditors; directing, supervising, appraising and assessing the internal audit work, the internal audit system and the implementation of the system; supervising and assessing the effectiveness of the Bank's internal controls and inspecting the internal control system and the implementation of the system; evaluating the mechanisms for the employees of the Bank to report irregularities in financial reports and internal controls and other improper conduct, and the mechanisms for the Bank to conduct independent and impartial investigations of the reported matters and take appropriate actions; and performing other duties stipulated by laws and regulations, securities regulatory authorities and stock exchanges at the place where the shares of the Bank are listed and authorized by the Board of Directors.

During the Reporting Period, the Audit Committee held 5 meetings on 20 March, 30 March, 28 April, 28 August and 29 October, respectively, reviewed and approved 41 proposals and reports, and presented professional recommendations to the Board of Directors. Among them, the Committee strictly complied with the listing rules and accounting standards, monitored and reviewed regular reports, regularly communicated with the senior management and external auditors, expressed opinions on the authenticity, completeness and accuracy of the Bank's financial information. The Audit Committee considered and adopted the annual work plan of the internal audit and the report on the services of the external auditor, listened to the report on the work of the internal audit on a quarterly basis, evaluated the work of the internal and external audits, urged the external auditors to continuously optimize the audit implementation process. The Audit Committee continuously supervised and reviewed the Bank's internal control system, considered the annual internal control evaluation report, assessed and supervised the effectiveness of the internal control system. The Audit Committee listened to the report on important issues identified by internal audits and their rectification, and strengthened the supervision of rectification of the identified issues. During the deliberation of the proposal, suggestions were put forward to continuously optimize the audit working mechanism, strengthen the construction of the audit team, enhance the security management of audit information, and steadily promote the reform of the audit structure.

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3. Risk Management and Related Party Transaction Control Committee.

The Committee is primarily responsible for reviewing and revising the Bank's risk strategy, risk management policies, risk appetite, comprehensive risk management framework and internal control system based on the Bank's overall strategy, supervising and evaluating the implementation and its effects, and making recommendations to the Board of Directors; supervising and assessing the risk management of the credit, liquidity, market, operation, compliance, nationality, bank book interest rate, reputation, information technology, prevention against violations, outsourcing, business continuity, money laundering and terrorist financing and other aspects of the Bank, and making recommendations to the Board of Directors; regularly listening to the comprehensive risk management assessment report submitted by the senior management of the Bank, and supervising the senior management to effectively identify, measure, monitor, control and deal with various risks in a timely manner; regularly reviewing the Bank's annual risk appetite, setting scientific and reasonable risk preference statement, risk tolerance and risk limit in accordance with the external economic and financial environment and the operational needs of the Bank, and submitting to the Board of Directors for approval; assuming the responsibilities of the US Risk Management Committee in accordance with the requirements in *the Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations* established by the Federal Reserve Board; reviewing and amending the Bank's basic system for management of related party transactions, examining major related party transactions, unified transaction agreements, and daily related party transaction agreements, listening to reports on the management of related party transactions, accepting the filing of general related party transactions, and other major matters related to related party transactions; establishing the objectives of building

the Bank's money laundering risk management culture, reviewing and finalizing money laundering risk management strategies, approving policies and procedures for money laundering risk management, regularly reviewing anti-money laundering work reports, assessing the Bank's anti-money laundering risk management status, fully recognizing the money laundering risks faced by the Bank, and making suggestions to the Board of Directors for improving the Bank's anti-money laundering risk management and internal controls; and performing other duties stipulated by laws and regulations, securities regulatory authorities and stock exchanges at the place where the shares of the Bank are listed and authorized by the Board of Directors.

During the Reporting Period, the Risk Management and Related Party Transaction Control Committee held 7 meetings on 16 January, 20 March, 30 March, 28 April, 28 August, 29 October, and 24 November to 1 December (written resolution by means of circulation for consideration), respectively, reviewed and approved 39 proposals and reports, and presented professional recommendations to the Board of Directors. The Committee continuously supervised the overall risk management and reviewed the comprehensive risk assessment report on a quarterly basis, assessed the effectiveness of risk management and control including credit risk, liquidity risk, market risk, internal control and operational risk, anti-money laundering compliance and country risk, etc. The Committee also continuously supervised the risk management system, and reviewed the annual risk appetite and risk policy, as well as reports on the management of consolidated statements, anti-money laundering, related party transactions, compliance risk management, and risk assessment of the U.S. branches, etc. The Committee strengthened the construction of a comprehensive risk management system, studied and revised multiple systems and

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policies such as *the Policy for the Management of Concentration Risk and Large Risk Exposure* and *the Market Risk Management Measures*. The Committee reviewed the proposals related to the Bank's issuance of A shares to specific targets, and safeguarded the capital replenishment from the perspectives of risk prevention and control and compliance management. In the course of deliberating on the proposals, the Committee put forward suggestions such as strengthening forward-looking research and judgment on risk situation, continuously focusing on risk prevention and control in key areas, solidly improving the effectiveness of risk management, and enhancing measures such as "strictly controlling new risks and clearing existing ones".

4. Personnel and Remuneration Committee.

The Personnel and Remuneration Committee is primarily responsible for evaluating the structure, size and composition of the Board of Directors, and making recommendations on the size and structure of Board of Directors and any proposed changes to the Board of Directors in accordance with the development strategy of the Bank and the equity structure of the Bank; establishing procedures and criteria for the selection and appointment of directors and senior management of the Bank, identifying individuals suitably qualified to become directors and senior management, conducting preliminary review of the qualifications and conditions of directors and senior management, and making recommendations to the Board of Directors on the appointment of directors and senior management and succession plan for directors and senior management; approving and revising the diversity membership policy for the Board of Directors and assessing the result of the implementation of the policy; reviewing the independence of independent non-executive directors; reviewing the fundamental system

and policy of the Bank regarding remuneration management, and the policy and structure of remuneration for directors and senior management, and making recommendations to the Board of Directors; developing the performance review criteria for directors and senior management of the Bank, and the salary and incentive plans for directors and senior officers according to the strategic planning and business objectives determined by the Board of Directors, and making recommendations to the Board of Directors; organizing the performance review of the senior management and confirming the results based on the authorization of the Board of Directors; and performing other duties stipulated by laws and regulations, securities regulatory authorities and stock exchanges at the place where the shares of the Bank are listed and authorized by the Board of Directors.

The Personnel and Remuneration Committee's nomination procedures for the directors and senior management of the Bank are as follows: (1) Understanding the Bank's demands for directors in time; (2) Extensively searching for candidates of directors according to the demands; (3) After determining the initial candidates, the office of the board of directors collects and organizes the resumes of initial candidates, and forms written materials; (4) Obtaining the consent of initial candidates, otherwise not eligible for director nomination; (5) Convening the meetings of the Personnel and Remuneration Committee to conduct examinations on the qualification of the initial candidates based on the Bank's employment conditions for directors; (6) Proposing to the Board of Directors about the election of new director and reporting the written deliberation opinions to the Board of Directors; (7) Conducting other follow-up work based on decisions and feedbacks of the Board of Directors.

CORPORATE GOVERNANCE

During the Reporting Period, the Personnel and Remuneration Committee held 6 meetings on 20 March, 28 April, 28 August, 29 October, and 24 November to 1 December (written resolution by means of circulation for consideration), and 26 December, respectively, reviewed and approved 18 proposals and reports, and presented professional recommendations to the Board of Directors. The Committee steadily advanced the re-election of the Board of Directors and further strengthened the diversification and professionalization of the Board of Directors. It optimized and refined *the Working Rules of the Personnel and Remuneration Committee*, implemented regulatory requirements, and supplemented and enhanced functions such as compiling a skills matrix of the Board of Directors and regularly evaluating the performance of the Board of Directors. A sound incentive and restraint mechanism was established and improved, with revisions made to *the Measures on the Assessment and Allocation of Non-centrally-managed Senior Management* and *the Measures for the Administration of Deferred Remuneration Payment and Clawback*. The Committee formulated remuneration plans for directors and senior management, and submitted the 2024 Remuneration Plan for Directors and the 2024 Remuneration Plan for Senior Management to the Board of Directors for approval. During the deliberation of proposals, the Committee put forward suggestions such as continuously strengthening the system construction, increasing the publicity and guidance of relevant systems such as industrial rules, responsibility identification and accountability, and regulating the professional conduct of employees.

5. Social Responsibility (ESG) and Consumer Protection Committee. The Committee is primarily

responsible for formulating the Bank's social responsibility strategies and policies and fulfilling plans and measures of social responsibilities, regularly reviewing the achievement of social responsibility work objectives, and submitting the annual sustainability report to the Board of Directors for approval; studying, formulating, assessing, and enhancing the effectiveness of the Bank's performance of social responsibilities in the ESG aspect, and improving the quality of ESG information disclosure; reviewing the strategies, policies and objectives of consumer protection work, studying major issues and key policies related to consumer protection, and submitting consumer protection work reports and annual reports to the Board of Directors; supervising the completeness, timeliness and effectiveness of the work of the senior management and consumer rights protection department; overseeing green finance initiatives, promoting a Bank-wide commitment to green development based on energy conservation, low-carbon practices, environmental protection, and sustainable development, reviewing the Bank's green finance development strategies, green finance development objectives, and reports, as well as credit policies related to environment and sustainable development, and making recommendations to the Board of Directors; approving external donations according to the authorization of the Board of Directors, and submitting requests to the Board of Directors or the shareholders' meeting for approval of additional external donation quotas based on the Bank's actual circumstances; and performing other duties stipulated by laws and regulations, securities regulatory authorities and stock exchanges at the place where the shares of the Bank are listed and authorized by the Board of Directors.

CORPORATE GOVERNANCE

During the Reporting Period, the Social Responsibility (ESG) and Consumer Protection Committee held 4 meetings on 19 March, 28 August, 28 October, and 24 November to 1 December (written resolution by means of circulation for consideration), respectively, reviewed and approved 17 proposals and reports, and presented professional recommendations to the Board of Directors. The Committee attached great importance to and continuously strengthened its work on consumer protection, regularly reviewed the report on consumer protection, listened to the regulatory briefings on consumer complaints and reports on rectification measures. The Committee continued to promote the Bank's green financial development, and reviewed the annual report on green financial work and the Group-level climate-related special disclosure report, *the 2024 Environmental Information Disclosure Report*, thereby preparing for alignment with higher climate-related information disclosure standards in the future. The Committee actively fulfilled the responsibility of a major state-owned bank, reviewed external donation plans, and donated relief funds to areas affected by fires in Hong Kong, earnestly fulfilling its social responsibilities. During the deliberation of proposals, the Committee put forward suggestions such as thoroughly rectifying problems and addressing them at the source, further improving the consumer protection assessment and evaluation mechanism, establishing a comprehensive consumer protection framework, safeguarding the legitimate rights and interests of consumers, and continuously improving the green finance working mechanism and system, as well as promoting the integration of green development concepts into all aspects of the Group's business.

During the Reporting Period, the Directors of the Bank did not raise objections to the proposals of the Board of Directors and the Special Committees of the Board of Directors.

During the Reporting Period, the Personnel and Remuneration Committee and the Audit Committee of the Bank conducted the 2025 performance evaluation of the Board of Directors and its members, as well as the senior management and its members. The evaluation adopted a combination of self-assessment questionnaires, performance interviews and document review, providing a multi-dimensional and objective assessment of the performance of the Board of Directors and senior management. All 18 directors and 11 senior management personnel included in the evaluation were assessed as "competent".

(V) Independent Non-Executive Directors

The Bank further implemented the reform of the independent director system, ensured that independent non-executive directors diligently perform their duties in strict accordance with relevant regulatory requirements, prudently exercised the rights granted by the company and shareholders, and gave full play to the role of independent non-executive director in corporate governance to ensure that the Board of Directors could obtain independent views and opinions.

1. During the performance of their duties, the independent non-executive directors continued to pay attention to matters such as major related party transactions, profit distribution plan, nomination of directors, appointment of senior management, remuneration of directors and senior management, and appointment of accounting firms, and issued independent opinions.

CORPORATE GOVERNANCE

2. During the Reporting Period, the Bank held four special meetings of independent non-executive directors to study and discuss business development and major related party transactions. In addition to attending meetings, each independent non-executive director communicated with senior management effectively through various channels including on-site research and discussion sessions. The Chairman of the Board also meets the independent non-executive directors annually in the absence of the executive directors and non-executive directors.

3. During the Reporting Period, the time that each independent non-executive director devoted to the work of the Bank was in compliance with the requirements of the Articles of Association and *the Working Practice of Independent Directors of the Bank*. The Special Committees under the Board of Directors, namely Audit Committee, Risk Management and Related Party Transactions Control Committee and Personnel and Remuneration Committee, were all chaired by independent non-executive directors. The independent non-executive directors actively voiced their opinions in the Board's meetings and Special Committees. The relevant opinions were given high attention by the Board of Directors and prompted the senior management to study and implement them.

4. As at the end of the Reporting Period, the Bank had 6 independent non-executive directors, which met the requirements of domestic and overseas regulatory rules on the number and proportion of independent non-executive directors in the Board of Directors. The qualifications of independent non-executive directors complied with applicable domestic and overseas regulatory regulations both at the time of appointment and throughout their terms of office. None of the independent non-executive directors held any business or financial interest in the Bank or its subsidiaries, nor did they assume any management positions in the Bank, and their independence was therefore effectively safeguarded. The Bank received an annual independence confirmation letter from each independent non-executive director and considered that each independent non-executive director was independent.

In addition, the Directors of the Bank may seek independent professional advice when necessary, and the relevant costs will be borne by the Bank. The Board of Directors has reviewed the implementation of the above mechanism during the Reporting Period and considered that it is effective in ensuring that the Board of Directors has access to independent views and opinions. For details about the fulfilment of duties of independent non-executive directors of the Bank during the Reporting Period, please refer to *the Work Report of the Independent Non-executive Directors* for the year 2025 published on the website of the SSE and the "HKExnews" website of Hong Kong Stock Exchange.

CORPORATE GOVERNANCE

(VI) Participation in Training and Research by Directors during the Reporting Period

During the Reporting Period, the Bank proactively organized directors to participate in various online and offline training, providing support to enhance their ability to perform their duties.

Major Trainings	Attendees
The 80th Enhanced Continuing Professional Development Seminar for Corporate Governance Professionals and the Basic Training Course on Information Disclosure, Corporate Governance and Capital Operation Practice for Hong Kong Listed Companies organized by Hong Kong Corporate Governance Association	Zhang Xiangdong, Xiao Wei
The Follow-up Training for Secretaries to the Boards of A+H Share Companies and the 81st Enhanced Continuing Professional Development Seminar for Corporate Governance Professionals organized by Hong Kong Corporate Governance Association	Chang Baosheng, Mu Guoxin, Li Longcheng, Wang Linping
The 86th Enhanced Continuing Professional Development Seminar for Corporate Governance Professionals organized by Hong Kong Corporate Governance Association	Li Xiaohui, Wong Tin Chak
The Specialized Training Course on the Construction of the Board of State-owned Enterprises and the Enhancement of Directors' Performance organized by China Dalian Senior Executive Academy of the State-owned Assets Supervision and Administration Commission of the State Council	Chang Baosheng, Mu Guoxin
The Training Course for Directors and Senior Executives organized by Ministry of Finance; The Training Course by China Investment Corporation on Financial Support for the Real Economy	Chang Baosheng
Training for Newly Appointed Directors	Ai Dong
Specialized Training on Anti-money Laundering	All directors of the Board

During the reporting period, the Bank's Directors conducted joint research visits to 10 domestic branches, focusing on areas such as strategy implementation, resource allocation, customer management and risk governance. Through these activities, the Directors effectively fulfilled their roles in conducting independent research and assessment, providing advice and recommendations, and exercising ongoing oversight.

(VII) Responsibility of the Directors for the Financial Statements

The directors are responsible for monitoring the preparation of annual financial statements and ensuring that the financial statements give a true and fair view of the Group's business status, operating results and cash flows in the corresponding accounting period. In preparing for the financial statements for the year ended 31 December 2025, the directors ensured that appropriate accounting policies were adopted and consistently applied, and they made reasonable and prudent judgements and estimates. The directors acknowledged their responsibility for the preparation of financial statements.

(VIII) Secretary of the Board of Directors and Secretary of the Company

During the reporting period, in accordance with the requirements of the Hong Kong Listing Rules, Mr. He Zhaobin, the Secretary of the Board of Directors and the Company Secretary of the Bank, has attended more than 15 hours of professional training.

CORPORATE GOVERNANCE

V. DIRECTORS AND SENIOR MANAGEMENT

The Bank currently has 15 directors and 10 senior managers, whose names and biographies are as follows:

Name	Position	Gender	Age	Commencement and Expiry of Term
Ren Deqi	Chairman of the Board of Directors and Executive Director	Male	62	August 2018 – Date of 2027 Annual Shareholders' Meeting
Zhang Baojiang	Vice Chairman of the Board of Directors, Executive Director and President	Male	55	August 2024 – Date of 2027 Annual Shareholders' Meeting (Director Term) June 2024 – (Senior Management Term)
Yin Jiuyong	Executive Director and Executive Vice President	Male	58	February 2024 – Date of 2027 Annual Shareholders' Meeting (Director Term) September 2019 – (Senior Management Term)
Zhou Wanfu	Executive Director and Executive Vice President	Male	60	February 2024 – Date of 2027 Annual Shareholders' Meeting (Director Term) July 2020 – (Senior Management Term)
Chang Baosheng	Non-executive Director	Male	57	January 2021 – Date of 2027 Annual Shareholders' Meeting
Liao, Yi Chien David	Non-executive Director	Male	53	May 2021 – the same as above
Chan Siu Chung	Non-executive Director	Male	63	October 2019 – the same as above
Mu Guoxin	Non-executive Director	Male	59	August 2022 – the same as above
Ai Dong	Non-executive Director	Male	50	April 2025 – the same as above
Zhang Xiangdong	Independent Non-executive Director	Male	68	August 2020 – the same as above
Li Xiaohui	Independent Non-executive Director	Female	58	November 2020 – the same as above
Ma Jun	Independent Non-executive Director	Male	61	August 2022 – the same as above
Wong Tin Chak	Independent Non-executive Director	Male	61	October 2023 – the same as above
Xiao Wei	Independent Non-executive Director	Male	65	September 2024 – the same as above
Liu Ruixia	Independent Non-executive Director	Female	65	January 2026 – the same as above
Qian Bin	Executive Vice President and Chief Officer of Information	Male	53	July 2021 –
Gu Bin	Executive Vice President	Male	54	November 2024 –
Yang Tao	Executive Vice President	Male	53	April 2025 –
He Zhaobin	Secretary of the Board of Directors	Male	56	June 2023 –
Lin Hua	Business Officer (Retail and Private Business)	Male	57	June 2023 –
Liu Jianjun	Chief Risk Officer	Male	58	June 2023 –
Cho Kwok Hung	BOCOM-HSBC Strategic Cooperation Consultant	Male	59	April 2023 –

Note: The term of office of directors and senior management shall commence from the date on which their qualifications are approved by the regulatory authorities.

CORPORATE GOVERNANCE

Mr. Ren Deqi Chairman of the Board of Directors and Executive Director**Main duties**

Chairman of the Board of Directors of the Bank since January 2020.
Executive Director of the Bank since August 2018.

Educational background and professional qualification

Obtained Master's degree in Engineering from Tsinghua University in 1988.
Senior Economist

Experience

Mr. Ren served as Vice Chairman of the Board of Directors, Executive Director and President of the Bank. Mr. Ren served as Executive Director and Executive Vice President of Bank of China. During the period, he also served as Non-executive Director of Bank of China Hong Kong (Holdings) Limited and Chief Executive Officer of Shanghai Renminbi Trading Business Headquarter of Bank of China. Mr. Ren served as several positions in China Construction Bank, including General Manager of the Risk Management Department, President of the Hubei Branch, General Manager of the Credit Management Department, General Manager of the Risk Monitoring Department and Deputy General Manager of the Credit Approval Department.

Mr. Zhang Baojiang Vice Chairman of the Board of Directors, Executive Director and President**Main duties**

Vice Chairman of the Board of Directors and Executive Director of the Bank since August 2024.
President of the Bank since June 2024.

Educational background and professional qualification

Obtained Bachelor's degree in Science from the Beijing Normal University in 1993.
Obtained Master's degree in Economics from the Graduate School of the Party School of the Central Committee of Communist Party of China in 1998.
Obtained Doctoral degree in Economics from the Graduate School of the Party School of the Central Committee of Communist Party of China in 2004.
Senior Economist

Experience

Mr. Zhang had worked for Agricultural Development Bank of China, serving as the Vice President of such bank, President of the Anhui Branch, Director of the General Office of the Head Office, Vice President of the Shaanxi Branch, Deputy General Manager (In Charge of Work) of the Policy Research Office, Deputy Director of the General Office and Deputy General Manager of the Research Office of the Head Office, etc.

Mr. Yin Jiuyong Executive Director and Executive Vice President**Main duties**

Executive Directors of the Bank since February 2024.
Executive Vice President of the Bank since September 2019.

Educational background and professional qualification

Obtained Doctoral degree in Agriculture from China Agricultural University in 1993.
Senior Economist

Experience

Mr. Yin served as Vice President of Agricultural Development Bank of China, Director of the Office, President of Henan Branch, General Manager and Deputy General Manager of the Customer Department (during the period of posting as Deputy Manager of the Business Department of Baoding Branch and Deputy President of Baoding Branch), Deputy Director of the Credit Department and other positions.

CORPORATE GOVERNANCE

Mr. Zhou Wanfu Executive Director and Executive Vice President**Main duties**

Executive Director of the Bank since February 2024.
Executive Vice President of the Bank since July 2020.

Educational background and professional qualification

Obtained MBA degree from Nanyang Technological University in Singapore in 2003.
Obtained Master's degree in Economics from the Graduate School of the People's Bank of China in 1988.

Experience

Mr. Zhou was the Secretary of the Board of Directors of the Agricultural Bank of China, General Manager of the Strategic Planning Division of the Head Office, Director of the Tianjin Training Institute, Executive Vice President of the Chongqing Branch, General Manager of the Asset and Liability Management Department of the Head Office, Deputy General Manager of the Budget and Finance Department, Deputy General Manager of the Asset and Liability Management Department, Executive Vice President of the Ningbo Branch and other positions.

Mr. Chang Baosheng Non-executive Director**Main duties**

Non-executive Director of the Bank since January 2021.

Educational background and professional qualification

Graduated from Zhongnan University of Economics and Law in 1989.

Experience

Mr. Chang served as Level-two Inspector and Deputy Inspector of the Ningxia Supervision Bureau of Ministry of Finance. Mr. Chang served as Deputy Inspector and Assistant Commissioner of Ningxia Supervision and Inspection Office of Ministry of Finance.

Mr. Liao, Yi Chien David Non-executive Director**Main duties**

Non-executive Director of the Bank since May 2021.
Co-chief Executive Officer and Executive Director of HSBC, a substantial shareholder of the Bank, Executive Director and Member of the Group Operating Committee of HSBC Holdings plc, Co-chief Executive Officer for Asia and the Middle East of the HSBC Group.

Educational background and professional qualification

Obtained honorary bachelor's degree from University of London in

Other duties

Chairman and Non-Executive Director of HSBC Bank (China) Company Limited, Non-Executive Director of Hang Seng Bank Limited.

Experience

Mr. Liao served as the Managing Director and General Manager of HSBC Holdings plc, the Head of Global Banking of HSBC Asia Pacific, President and Chief Executive Officer of HSBC China, Director of Global Banking and Capital Market of HSBC China, Director of Global Capital Market of HSBC China, and Treasurer of HSBC China. Mr. Liao took positions in the Industrial Bank of Japan (currently Mizuho International Plc).

Mr. Chan Siu Chung Non-executive Director**Main duties**

Non-executive Director of the Bank since October 2019.
Adviser to the Co-chief Executive Officer of HSBC, a substantial shareholder of the Bank.

Educational background and professional qualification

Obtained Master's degree in Applied Finance from Macquarie University, Australia in 1994.

Experience

Mr. Chan served as the Business Director of Greater China Region and the Co-Head of Asia-Pacific of Capital Markets at HSBC, Deputy Head of the Global Capital Markets of Asia Pacific and Head of Trading in Hong Kong, Head of Trading in Hong Kong, Head of Hong Kong Interest Rate Derivatives Trading, etc.

CORPORATE GOVERNANCE

Mr. Mu Guoxin **Non-executive Director****Main duties**

Non-executive Director of the Bank since August 2022.
Working Director of the National Council for Social Security Fund, a substantial shareholder of the Bank.

Other duties

Non-independent Director of COFCO Fulinmen Co.

Experience

Mr. Mu served as Director and Deputy Director of the Fund Finance Department of SSF, Director of Jianxin Life Insurance Co., and Non-executive Director of CITIC Limited.

Educational background and professional qualification

Obtained MPA degree under the cooperative cultivation programme between Peking University and the National Academy of Governance in 2008.
Senior Accountant

Mr. Ai Dong **Non-executive Director****Main duties**

Non-executive Director of the Bank since April 2025.
Deputy Director of the Finance Department of CNTC.

Other duties

Director of China SME Development Fund Co., Ltd., and a Supervisor of China Tobacco Magazine Co., Ltd.

Experience

Mr. Ai served as Director of the Comprehensive Division and Deputy Director of the Accounting Division of the Finance Department of CNTC, Financial Manager of Tianze Tobacco Co., Ltd. in Zimbabwe, and a staff member of the Third Research Institute of China Aerospace Industry Corporation.

Educational background and professional qualification

Obtained a Bachelor's degree in Taxation from Tianjin University of Commerce in 1998

Mr. Zhang Xiangdong **Independent Non-executive Director****Main duties**

Independent Non-executive Director of the Bank since August 2020.

Experience

Mr. Zhang served as Non-executive Director of Bank of China Limited, Non-executive Director and Chairman of the Risk Management Committee of the Board of Directors of China Construction Bank Corporation (during which period Mr. Zhang concurrently served as member of the China International Economic and Trade Arbitration Commission). Mr. Zhang also served as Inspector and Deputy Director General of the General Affairs Department of the State Administration of Foreign Exchange. Mr. Zhang served as Executive Vice President of Haikou Branch of the People's Bank of China and Deputy Director General of Hainan Branch of the State Administration of Foreign Exchange concurrently.

Educational background and professional qualification

Obtained Master's degree in Law from Renmin University of China in 1990.
Senior Economist

Ms. Li Xiaohui **Independent Non-executive Director****Main duties**

Independent Non-executive Director of the Bank since November 2020.
Professor and Doctoral Supervisor at the School of Accounting, Central University of Finance and Economics.

Other duties

Independent Director of China Everbright Group Co., Ltd. and Qingdao Port International Co., Ltd.,
Member of the Professional Technical Advisory Committee of the Chinese Institute of Certified Public Accountants, Member of the Audit Committee of the Accounting Society of China, Member of the Academic Committee of the China Institute of Internal Audit.

Experience

Ms. Li worked in the Professional Standards Department of the Chinese Institute of Certified Public Accountants, Cangzhou Accounting Firm, Cangshi Accounting Firm and the State-owned Assets Administration under Hebei Province Department of Finance.

Educational background and professional qualification

Obtained Doctoral degree in Economics from Central University of Finance and Economics in 2001.
Certified Public Accountant

CORPORATE GOVERNANCE

Mr. Ma Jun **Independent Non-executive Director****Main duties**

Independent Non-executive Director of the Bank since August 2022.
President of the Institute of Finance and Sustainability.

Educational background and professional qualification

Obtained Ph.D. in Economics from Georgetown University in 1994.

Other duties

Independent Director of China Life Insurance (Group) Company, Independent Director of the Green Finance Committee of China Society for Finance, Co-Chairman of the Steering Committee of the “Belt and Road” Green Investment Principles, Chairman of the Hong Kong Green Finance Association and Chairman of the Capacity Building Alliance of Sustainable Investment.

Experience

Mr. Ma served as a member of the Monetary Policy Committee of the People’s Bank of China, Co-Chairman of the G20 Sustainable Finance Working Group, Director of the Center for Finance and Development under Tsinghua National Institute of Financial Research, Chief Economist of the Research Bureau of the People’s Bank of China, Chief Economist, Investment Strategist and Managing Director of Deutsche Bank Greater China, Senior Economist at the World Bank, Economist at the International Monetary Fund, and also worked at the Development Research Center of the State Council.

Mr. Wong Tin Chak **Independent Non-executive Director****Main duties**

Independent Non-executive Director of the Bank since October 2023.

Educational background and professional qualification

Obtained Bachelor of Social Science degree from the University of Hong Kong in 1988.

Member of the Institute of Chartered Accountants in England and Wales

Other duties

Chief Partner of Shanghai De Koon Tian Yu Management Consulting Partnership (Limited Partnership), Independent Director of ENN Natural Gas Co., Ltd., Member of the Digital Economy Strategy Committee of Chinese Association of Development Strategy Studies

Experience

Mr. Wong Tin Chak served as the Chief Commercial Officer, Partner-in-Charge of Risk Advisory and Member of Management Committee of Deloitte China, Member of Risk Advisory Management Committee of Deloitte Asia Pacific, Deputy Head Partner of Audit and Assurance and Partner of Deloitte Touche Tohmatsu Certified Public Accountants LLP, and Partner of Deloitte Touche Tohmatsu.

Mr. Xiao Wei **Independent Non-executive Director****Main duties**

Independent Non-executive Director of the Bank since September 2024.

Educational background and professional qualification

Obtained a doctoral degree in Economics from Renmin University of China in 1994.

Senior Accountant

Experience

Mr. Xiao served as Chief Audit Officer of Bank of China Limited, General Manager of the Financial Management Department of the Head Office, Deputy General Manager of the Beijing Branch, Chief Financial Officer of the Beijing Branch, Assistant General Manager and Deputy General Manager of the Asset and Liability Management Department of the Head Office. Mr. Xiao served as the Vice President of China Institute of Internal Audit, the Executive Director of Accounting Society of China, and the Deputy Secretary General of Banking Accounting Society of China.

CORPORATE GOVERNANCE

Ms. Liu Ruixia Independent Non-executive Director**Main duties**

Independent Non-executive Director of the Bank since January 2026.

Educational background and professional qualification

Obtained a Master's degree in Economics from Southwestern University of Finance and Economics in 1989

Senior Economist

A recipient of the Special Government Allowance of the State Council

Other duties

Chief Expert of the Green Credit Professional Committee of China Banking Association, and Chief Expert of the Expert Working Group for China's Banking Industry in Supporting the Achievement of Carbon Peak and Carbon Neutrality Goals.

Experience

Ms. Liu served as a member of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, General Manager, Senior Risk Management Expert and Deputy General Manager of the Risk Management Department, Deputy General Manager of the Credit Evaluation Department, Deputy General Manager of the Evaluation and Consultation Department, Director of the Credit Evaluation Division of the Evaluation and Consultation Department, Director of the Accounting Management Division of the Fund Custody Department, and Director of the Comprehensive Division of the Business Development Department at Industrial and Commercial Bank of China.

Mr. Qian Bin Executive Vice President and Chief Information Officer**Main duties**

Executive Vice President of the Bank since July 2021.

Chief of Information Officer of the Bank since October 2022.

Educational background and professional qualification

Obtained MBA degree of the cooperative cultivation programme between Fudan University and the University of Hong Kong in 2004.

Senior Engineer

Experience

Mr. Qian served as General Manager and Principal Officer of the Network Finance Department, General Manager of the Data Centre (Shanghai), Deputy General Manager of the Private Banking Department, Deputy General Manager of the Information Technology Department, and General Manager of the Information Technology Department and Director of the Technology Assurance Centre of the Shanghai Branch of the Industrial and Commercial Bank of China.

Mr. Gu Bin Executive Vice President**Main duties**

Vice President of the Board of Directors of the Bank since November 2024.

Educational background and professional qualification

Obtained Master's degree in Engineering from Tsinghua University in 1997.

Senior Economist

Experience

Mr. Gu served as Director of the Internal Audit Bureau, General Manager of the Human Resources department, President of Xiamen Branch, Deputy General Manager of Credit Approval department, Vice President of Guizhou Branch, Vice President of Xiamen branch, and Deputy General Manager of Credit Management department and other positions of the Industrial and Commercial Bank of China.

Mr. Yang Tao Executive Vice President**Main duties**

Executive Vice President of the Bank since April 2025.

Educational background and professional qualification

Obtained a Bachelor's degree in Economics from Southwestern University of Finance and Economics in 1993.

Experience

Mr. Yang served as General Manager of the Appraisals Department, General Manager of Industry Department II and Vice President of the Shenzhen Branch of the China Development Bank.

CORPORATE GOVERNANCE

Mr. He Zhaobin Secretary of the Board of Directors**Main duties**

Secretary of the Board of the Director of the Bank since June 2023.
Non-executive Director of the Bank from August 2017 to January 2021.

Experience

Mr. He served as Deputy Director of the National Office for Comprehensive Agricultural Development, Deputy Director of the Office of the State Council Working Group on Comprehensive Rural Reform, and Deputy Director of the Supervision and Inspection Bureau of the Ministry of Finance.

Educational background and professional qualification

Obtained Master's degree in Public Administration from Peking University and the National School of Administration in 2007.
Certified Public Accountant, Senior Economist

Mr. Lin Hua Chief Business Officer (Retail and Private Business)**Main duties**

Chief Business Officer (Retail and Private Business) since June 2023

Experience

Mr. Lin was the Chief Risk Officer, General Manager of the Risk Management Department and Director of the Internal Control and Case Prevention Office of the Bank, President of the Jiangsu Branch, President and Executive Vice President of the Jiangxi Branch (performing the duties of the President on behalf of the President), Executive Vice President of the Shanghai Branch, Senior Credit Executive Officer, etc.

Educational background and professional qualification

Obtained MBA degree from Shanghai University of Finance and Economics in 2004.
Senior Economist

Mr. Liu Jianjun Chief Risk Officer**Main duties**

Chief Risk Officer since June 2023.

Experience

Mr. Liu was the Chief Expert of the Bank, Director of the Internal Control and Case Prevention Office, President of the Beijing Branch, President of the Beijing Management Department (Group Client Department), Executive Vice President of the Beijing Management Department (Group Client Department), President, Executive Vice President and Senior Credit Executive Officer of the Jilin Branch, Executive Vice President and Senior Credit Executive Officer of the Changchun Branch, Executive Vice President and Senior Credit Executive Officer of the Beijing Branch, etc.

Educational background and professional qualification

Obtained Master's degree in Business Administration from Beijing Institute of Technology in 2003.
Intermediate Economist

Mr. Cho Kwok Hung BOCOM-HSBC Strategic Cooperation Consultant**Main duties**

BOCOM-HSBC Strategic Cooperation Consultant since April 2023.

Experience

Mr Cho was the Chief Risk Control Officer of Hang Seng Bank (China) Ltd., risk management consultant assigned by HSBC to the Bank (as an expatriate employee of HSBC), President of HSBC Shanghai Branch, Director of Credit Risk Training of HSBC (China), Director of Commercial Banking School of HSBC Asia Pacific, Director of Corporate Banking Training Department of HSBC Asia Pacific.

Educational background and professional qualification

Obtained MBA degree from the City University of Hong Kong in 1996.

CORPORATE GOVERNANCE

(I) Changes in Directors and Senior Management

1. Newly elected/appointed directors and senior management

Name	Position	Change
Ai Dong	Non-Executive Director	Elected
Liu Ruixia	Independent Non-executive Director	Elected
Yang Tao	Executive Vice President	Appointed
Tang Shuo	Business Director (Corporate and Institutional Banking)	Appointed

Mr. Ai Dong confirms that he has obtained the legal opinion referred to in Rule 3.09D of the Hong Kong Listing Rules on 8 April 2025 and is aware of his responsibilities as a director of the Bank. Ms. Liu Ruixia confirms that she has obtained the legal opinion referred to in Rule 3.09D of the Hong Kong Listing Rules on 4 January 2026 and is aware of her responsibilities as a director of the Bank.

2. Resigned/Retired directors and senior management

Name	Ex-position	Change	Commencement and Expiry of Term
Li Longcheng	Non-Executive Director	Retired	June 2020-June 2025
Wang Linping	Non-Executive Director	Retired	January 2021-June 2025
Chen Junkui	Non-Executive Director	Resigned	August 2019-April 2025
Luo Xiaopeng	Non-Executive Director	Resigned	August 2022-June 2025
Shi Lei	Independent Non-executive Director	Retired	December 2019-January 2026
Tu Hong	Chief Business Officer (Interbank and Market Business)	Retired	September 2018-March 2026
Tang Shuo	Chief Business Officer (Corporate and Institution)	Resigned	October 2025-December 2025

The current directors and senior managers of the Bank and those who left during the Reporting Period have not been punished by the securities regulatory authority in the past three years.

(II) Changes in Information of Directors and Senior Management

Mr. Mu Guoxin, Non-executive Director, ceased to be the Non-executive Director of CITIC Limited.

Ms. Li Xiaohui, Independent Non-executive Director, serves as the Independent Director of China Everbright Group Co., Ltd. and Qingdao Port International Co., Ltd. and ceased to be the Independent Director of Fangda Special Steel Technology Co., Ltd. and Poly Culture Group Co., Ltd. and External Supervisor of Bank of Beijing Co., Ltd.

Mr. Ma Jun, Independent Non-executive Director, serves as the Independent Director of China Life Insurance (Group) Company and ceased to be the Independent Director of China Taiping Life Insurance (Hong Kong) and Postal Savings Bank of China Ubank.

Mr. Wong Tin Chak, Independent Non-executive Director, serves as the Independent Director of ENN Natural Gas Co., Ltd.

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(III) Emoluments and Shareholdings of Directors and Senior Management

1. Details of emoluments and shareholdings

Name	Position	Total taxable emoluments received during the Reporting Period In 10 thousand of RMB			Emoluments received from related parties or not	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
		Emoluments	Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank	Total						
Ren Deqi	Chairman of the Board of Directors and Executive Director	68.60	27.71	96.31	No	A share	0	0	0	-
						H share	500,000	0	500,000	-
Zhang Baojiang	Vice Chairman of the Board of Directors, Executive Director and President	68.60	27.47	96.07	No	A share	0	0	0	-
						H share	0	0	0	-
Yin Jiuyong	Executive Director and Executive Vice President	61.74	27.42	89.16	No	A share	0	0	0	-
						H share	0	0	0	-
Zhou Wanfu	Executive Director and Executive Vice President	61.74	27.36	89.10	No	A share	0	0	0	-
						H share	0	0	0	-
Chang Baosheng	Non-executive Director	-	-	-	No	A share	0	0	0	-
						H share	0	0	0	-
Liao, Yi Chien David	Non-executive Director	-	-	-	Yes	A share	0	0	0	-
						H share	0	0	0	-
Chan Siu Chung	Non-executive Director	-	-	-	Yes	A share	0	0	0	-
						H share	49,357	0	49,357	-
Mu Guoxin	Non-executive Director	-	-	-	Yes	A share	0	0	0	-
						H share	0	0	0	-
Ai Dong	Non-executive Director	-	-	-	Yes	A share	0	0	0	-
						H share	0	0	0	-
Zhang Xiangdong	Independent Non-executive Director	-	-	-	No	A share	0	0	0	-
						H share	0	0	0	-
Li Xiaohui	Independent Non-executive Director	33	-	33	No	A share	0	0	0	-
						H share	0	0	0	-
Ma Jun	Independent Non-executive Director	31	-	31	No	A share	0	0	0	-
						H share	0	0	0	-

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Total taxable emoluments received during the Reporting Period In 10 thousand of RMB											
Name	Position	Emoluments	Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank	Total	Emoluments received from related parties or not	Class of shares	Number of shares held at the beginning of the Reporting Period		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
							Reporting Period (share)	Reporting Period (share)			
Wong Tin Chak	Independent Non-executive Director	31	-	31	No	A share	0	0	0	-	
						H share	0	0	0	-	
Xiao Wei	Independent Non-executive Director	-	-	-	No	A share	0	0	0	-	
						H share	0	0	0	-	
Liu Ruixia	Independent Non-executive Director	-	-	-	No	A share	0	0	0	-	
						H share	0	0	0	-	
Qian Bin	Executive Vice President and Chief Information Officer	61.74	27.80	89.54	No	A share	0	0	0	-	
						H share	0	0	0	-	
Gu Bin	Executive Vice President	61.74	27.46	89.20	No	A share	0	0	0	-	
						H share	0	0	0	-	
Yang Tao	Executive Vice President	51.45	23.21	74.66	No	A share	0	0	0	-	
						H share	0	0	0	-	
He Zhaobin	Secretary of the Board of Directors	60.37	27.43	87.80	No	A share	96,700	0	96,700	-	
						H share	0	0	0	-	
Lin Hua	Chief Business Officer (Retail and Private Business)	60.37	27.32	87.69	No	A share	202,100	0	202,100	-	
						H share	0	0	0	-	
Liu Jianjun	Chief Risk Officer	60.37	27.80	88.17	No	A share	220,000	0	220,000	-	
						H share	0	0	0	-	
Cho Kwok Hung	BOCOM-HSBC Strategic Cooperation Consultant	-	-	-	Yes	A share	0	0	0	-	
						H share	0	0	0	-	
Resigned/Retired Directors and Senior Management											
Wang Linping	Non-executive Director	-	-	-	No	A share	0	0	0	-	
						H share	0	0	0	-	
Li Longcheng	Non-executive Director	-	-	-	No	A share	0	0	0	-	
						H share	0	0	0	-	
Chen Junkui	Non-executive Director	-	-	-	Yes	A share	0	0	0	-	
						H share	0	0	0	-	

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		Total taxable emoluments received during the Reporting Period In 10 thousand of RMB									
Name	Position	Emoluments	Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank	Total	Emoluments received from related parties or not	Class of shares	Number	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	
							of shares held at the beginning of the Reporting Period (share)				
Luo Xiaopeng	Non-executive Director	-	-	-	Yes	A share	0	0	0	-	
						H share	0	0	0	-	
Shi Lei	Independent Non-executive Director	31	-	31	No	A share	0	0	0	-	
						H share	0	0	0	-	
Tu Hong	Chief Business Officer (Interbank and Market Business)	60.37	27.43	87.80	No	A share	70,000	0	70,000	-	
						H share	50,000	0	50,000	-	
Tang Shuo	Chief Business Officer (Corporate & Institutional Business)	5.03	2.37	7.40	No	A share	183,000	0	183,000	-	
						H share	0	0	0	-	

Notes:

- In 2025, the remuneration of the Bank's directors and senior management managed by the Central Government will be implemented in accordance with the relevant measures for the remuneration management of the heads of central financial enterprises; the appraisal and remuneration of the Bank's senior management who are not managed by the Central Government will be implemented in accordance with the appraisal and allocation scheme considered and approved by the Board of Directors, with certain portion of the annual performance-based bonus subject to deferred payment. In accordance with the relevant regulations, the final remuneration of the Bank's directors, and senior management for the year 2025 is in the process of being confirmed, and the remainder will be disclosed upon confirmation.
- The Independent Non-executive Directors do not receive remuneration from the Bank's related parties (excluding those related parties with whom the Bank has a relationship because the independent non-executive directors also serve as directors and senior management in other companies).

Additionally, Mr. Chan Siu Chung, Director of the Bank, held 98 H shares of BOCOM International Holdings Co., Ltd. In addition to the disclosures 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, to be notified to the Bank and the Hong Kong Stock Exchange.

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2. Remuneration decision-making process and the deciding factors

The remuneration plan for directors and senior management was drafted by Personnel and Remuneration Committee and was submitted to the Board of Directors for review. Furthermore, the Directors' remuneration was required to be submitted to the Shareholders' Meeting for review and approval.

The remuneration of the Bank's directors and senior management is determined in accordance with the relevant state regulations and the Bank's appraisal and allocation scheme for senior management. For the Bank's directors and senior management personnel managed by the central government, the remuneration is strictly determined in accordance with central financial enterprise remuneration measurement specifications for person in charge. For the Bank's senior management who are not managed by the central government but receiving remuneration from the Bank, the remuneration scheme shall be reviewed and approved by the Board of the Bank. In order to balance the incentives and risk constraints, certain portion of the annual performance bonus is subject to deferred payment in the next three years, which was supposed to be paid by 1/3 each year.

VI. HUMAN RESOURCE

(I) Basic Information of Employees

As at the end of the Reporting Period, the Group had a total of 97,932 employees, among which 91,669 employees were based in domestic banking institutions and 2,614 were local employees in overseas branches (sub-branches), and 3,649 were employees of the Bank's subsidiaries (excluding staff dispatched from the Head Office and branches to subsidiaries).

For employees in domestic banking institutions, 24,489 employees held professional technical qualifications, of which 597 employees held senior technical qualifications, accounting for approximately 0.65%; 13,279 employees held intermediate technical qualifications, accounting for 14.49%; 10,613 employees held junior technical qualifications, accounting for 11.58%. The number of employees with master's degree and above was 20,113, accounting for 21.94%. The number of employees with bachelor's degree was 64,171, accounting for 70.00%. The number of employees with associate's degree and below was 7,385, accounting for 8.06%.

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As at the end of the Reporting Period, structure of position categories of employees in domestic banking institutions is as follows:

Category of position	Number of employees	Proportion (%)
Sales Development	32,562	35.52%
Financial Operation	23,778	25.94%
Operating and Management	7,667	8.36%
Service Assurance	5,826	6.36%
Risk Compliance	6,019	6.57%
FinTech	9,089	9.92%
Audit and Supervision	1,369	1.49%
Others	5,359	5.84%
Total	91,669	100.00%

Note: FinTech headcount includes the personnel of FinTech Department and various personnel from different business departments empowering the business with science and technology.

As at the end of the Reporting Period, assets, entities and employees by regions are as follows:

	Assets		Entities		Employees	
	Amount (in millions of RMB)	Proportion (%)	Number of entities	Proportion (%)	Number of Employees	Proportion (%)
Yangtze River Delta	3,968,445	25.52	712	24.66	24,253	25.72
Pearl River Delta	1,306,810	8.40	328	11.36	10,485	11.12
Bohai Rim Economic Zone	2,246,843	14.45	482	16.70	14,845	15.75
Central China	1,702,619	10.95	518	17.94	15,367	16.30
Western China	1,171,064	7.53	472	16.35	12,694	13.46
North Eastern China	498,569	3.21	308	10.67	8,566	9.09
Overseas	1,215,262	7.82	66	2.29	2,614	2.77
Head Office	5,738,464	36.91	1	0.03	5,459	5.79
Eliminated and unallocated assets	(2,299,688)	(14.79)	-	-	-	-
Total	15,548,388	100.00	2,887	100.00	94,283	100.00

Note: The number of employees in the Head Office excluded the employees in the Pacific Credit Card Centre, the financial service centers/ business operation department and the staff dispatched from the Head Office.

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(II) Remuneration Policy

The Bank strictly implemented all regulatory requirements for remuneration distribution, focusing on the positive correlation between resource allocation and value creation, ensuring that the salary level is compatible with the business performance after risk adjustment, taking into account fairness and efficiency, guiding institutions to balance current and long-term risks and returns, so as to drive the high-quality development of the Bank. The Bank's remuneration program for FY2025 was formulated in compliance with the relevant laws, regulations and regulatory requirements, and strictly complied with the internal decision-making process and corporate governance procedures, and was filed with the relevant competent authorities in accordance with the regulations. During the Reporting Period, the Bank's economic, risk and social responsibility indicators were well achieved.

In accordance with reform and development requirements, the Bank improved the performance appraisal and remuneration system whereby "salary is determined by post and bonus granted upon performance". The Bank fully considered both the value creation and the principle of maintaining fairness, optimized the allocation of remuneration resources, guided and maximized the value creation of operating units, and improved its ability to pursue high-quality development. In addition, the Bank focused on responsibility, grassroots operations and performance, and was committed to offering positive incentives. In order to improve the incentive constraint mechanism and fully leverage the guiding role of remuneration in operations and management, the Bank formulated and improved *the Administrative Measures on Deferred Payment, Recourse and Deduction of Remuneration for Bank of Communications Co., Ltd.* The Bank also established a deferred payment, recourse and deduction system

for the performance wages of senior management and personnel in key positions within the Group, and deferred payment of over 40% of their performance wages for a period of not less than three years. In subsequent years, the Bank will pursue recourse and deduct relevant amounts based on personnel's responsibility for abnormal risk exposures as well as violations of laws, regulations and disciplinary rules. During the Reporting Period, in accordance with the above Administrative Measures, the Bank recovered performance wages for the corresponding period from relevant personnel who were disciplined or held accountable.

In addition to basic social security and insurance, the Bank implements supplementary benefits for staff such as annuities, with a view to caring for the welfare of the employees. Please refer to "Note 12 to the Consolidated Financial Statements: Staff costs" for the details of staff costs and benefits of the Bank for this Reporting Period.

(III) Training Management

During the Reporting Period, the Bank earnestly implemented the five-year plans for national cadre education and training and for Party member education and training. We conducted classified and graded training to enhance political and job performance capabilities, and made every effort to cultivate a high-quality, professional financial workforce that was loyal, upright and responsible. We took the study and implementation of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the principal theme in cadre education and training. We organized the rotational training on the first volume of *the Selected Works of Xi Jinping on Economy* and the joint training for cadres at the department and bureau level of the Central Financial Work Commission, effectively implementing key training tasks designated

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by the CPC Central Committee. Centering on the high-quality development needs of the Bank, we carried out key training programs on advancing the “five priorities” of finance, preventing and defusing financial risks, and promoting digital transformation, thereby enhancing the capabilities of our staff in building the nation’s financial strength. We carried out specialized training for key talents such as fintech professionals, account managers/product managers, risk managers, cross-border financial talents, and Party building talents. The Bank continued to carry out qualification certification training and conducted examinations of various business lines to ensure that personnel on duty had the necessary knowledge and acted with professionalism. In addition, the Bank fully leveraged its e-Campus network platform to hold lectures on corporate business, international business, inclusive business, retail credit, risk management, internal control compliance, credit management and other business topics, aiming to improve employees’ professional competence. The Bank promoted the standardized and systematical training for new staff throughout the Bank, encouraging new staff to quickly integrate into the Bank. During the Reporting Period, the Bank carried out more than 13,000 training sessions for cadres and employees, with a total of more than 1.08 million participants.

The Bank focused on integrating a financial culture with Chinese characteristics into its education and training system, and continuously strengthened professional ethics training and anti-corruption warning education for cadres and employees. During the in-depth study and education campaign on implementing the central Party leadership’s eight-point decision on improving conduct, the Bank enhanced education and training for key groups of trainees, including the minority executives on key positions, newly promoted executives, young

executives, and those in critical positions. During the Reporting Period, by releasing typical case notifications, holding warning education conferences, and playing warning education films, the Bank educated cadres and employees to learn a lesson from these cases, resist corruption and guard against degeneration.

(IV) Talent Training and Reserve

During the Reporting Period, the Bank continued to optimize the talent development policy mechanism, and strengthened the construction of professional teams to provide a strong talent foundation for high-quality development and the digital transformation of the Bank. The Bank made every effort to promote the implementation of the Ten Thousand People Technology Engagement plan. As at the end of the Reporting Period, the Group had 9,782 fintech personnel, representing an increase of 8.20% over the end of the previous year. The Bank enhanced support for professionals in key business areas and regions, and continued to allocate recruitment resources to key areas such as the “five priorities” of finance, fintech, retail risk control, audit and compliance, as well as in regions with large numbers of professionals such as the Yangtze River Delta, the Guangdong-Hong Kong-Macao Region and the Beijing-Tianjin-Hebei Region. The Bank promoted the “National Hundred, Thousand, and Ten Thousand Talents” key talent development initiative in a deep and solid manner. The Bank adopted multiple measures to carry out targeted training through special project exercises, on-the-job practice, mentoring and coaching, and professional training, and constantly improved the mechanism for independent talent cultivation. The Bank regularly carried out talent service team projects and continued to select talents to provide assistance to branches in remote and difficult areas, national strategic regions, and areas with operational and development difficulties.

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VII. INTERNAL CONTROLS

(I) Statement of the Board of Directors on Internal Controls Responsibility

The objective of the internal controls of the Bank is to ensure the faithful implementation of the relevant laws, regulations and rules of the State, the realization of the development strategies and operational objectives, the effectiveness of risk management, and the truthfulness, accuracy, completeness and timeliness of the business records, accounting information, financial information, and other management information of the Bank.

It is the Board of Directors' responsibility to establish, improve and effectively implement internal controls, assess the effectiveness of internal controls, and truthfully disclose the internal controls assessment report. The internal control system aims to manage rather than eliminate the risk of failing to achieve business targets, and it can only make reasonable rather than absolute assurance over items with no material misrepresentation or loss. Senior management is responsible for organizing and leading the day-to-day operation of internal controls within the enterprise. The Board of Directors sets up the Audit Committee and the Risk Management and Related Transactions Control Committee to perform the corresponding internal controls functions. Senior management sets up the Comprehensive Risk Management and Internal Controls Committee to take charge of coordinating and promoting the internal controls systems construction, reviewing the basic policies of internal controls, and organizing and implementing significant events of internal controls.

(II) Statement of Effectiveness of Internal Controls

In 2025, the Group continued to aim to “institutionalize management, institutionalize processes, and informatize processes”, and constructed an internal control and compliance

management system commensurate with the business scope, organizational structure, business scale, and risk profile. During the Reporting Period, the Bank took the following measures. First, the Bank continuously improved the internal control and compliance governance system. The Board of Directors considered and approved *the Compliance Management Measures of Bank of Communications Co., Ltd.*, refining the organizational structure for compliance management, clarifying compliance management responsibilities, strengthening safeguards for compliance management, and advancing the establishment of an internal control and compliance management system that is legally compliant, comprehensive, clear in the allocation of rights and responsibilities, and pragmatic and efficient. Second, the Bank enhanced the effectiveness of internal control and compliance management. It continuously improved the closed loop of “system management – supervision and inspection – problem rectification – evaluation and accountability” for internal control compliance management, integrated internal control measures and safeguards into operations and management, and focused on risk prevention and control in key areas. Third, the Bank strengthened the technology empowerment of internal control and compliance management. It enhanced the construction of system functions for business conduct compliance and employee behavior compliance, and continuously optimized early warning rules, advanced the construction of an anti-money laundering system centered on a “risk-based” approach, and intensified the application of new technologies. Fourth, the Bank deepened the cultivation of an internal control and compliance culture. Centered on the theme of “Compliance for All, Creating Value Together”, the Bank launched a centralized publicity and education campaign on internal control and compliance across the entire Group. Efforts were made to advance the promotion of internal control and compliance culture, crackdown on illegal financial activities, anti-money

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laundering training and education, publicity under the “Eighth Five-Year Plan” for legal education, and case-based prevention and warning education. The Bank regularly held activities such as “President’s Talk on Internal Control and Compliance” and “Internal Control and Compliance Forum”.

With a focus on its internal control objectives, the Bank established a stringent internal control system for financial reporting. During the Reporting Period, the Board of Directors ensured that the risk management and internal control systems of the Bank and its subsidiaries were operating effectively in key areas including financial monitoring, operational monitoring, and compliance monitoring. In addition, the Board of Directors ensured that the Group had adequate resources, staff qualifications, and experience in its accounting, internal audit, and financial reporting functions, as well as in areas relating to environmental, social and governance performance and reporting, and that the training programs received by the staff and the related budgets were sufficient.

(III) Organization Structure and Main Duties of Audit Supervision

The Bank’s audit work is led by the Board of Directors, which assumes the ultimate responsibility for the independence and effectiveness of the internal audit. According to the size and complexity of the Bank’s businesses, the Board of Directors provided the followings: sufficient and stable internal auditors, sufficient audit funds included in the financial budget, support for the informatization of the audit work, and necessary guarantees for the independence and objectivity of the internal audit. The Board of Directors set up an Audit Committee to monitor, assess and evaluate the internal audit work on an ongoing basis, reviewed important systems and reports such as the Internal Audit Charter, approved the annual audit plan, and received the report on relevant audit results. The Bank established

a two-level audit supervision system, namely, the Head Office Audit Supervision Bureau and the Audit Supervision Sub-bureaus, to implement vertical and unified management. The Bank’s Audit Department consistently promoted full-spectrum audits, focused on the major decisions and deployment of the CPC Central Committee, the implementation of the Bank’s strategy and key risk areas, supervised, inspected and evaluated the appropriateness and effectiveness of corporate governance, business activities, risk management, and internal control and compliance, urged the rectification of problems identified, and promoted the steady development of the Bank and the achievement of the Board of Director’s strategic goals.

(IV) Management and Control over Subsidiaries

In line with the strategic plan of the “14th Five-Year Plan”, the Bank strengthened its coordination with its subsidiaries and enhanced the Group’s comprehensive service capability across industries, borders and markets. The Bank encouraged subsidiaries to improve their governance structure and procedures including “Shareholders’ Meeting, Board of Directors and Senior Management” to enhance the effectiveness of corporate governance. The Bank promoted the extension of the Group’s line-management requirements to subsidiaries and strengthened the management of subsidiaries’ shareholdings. The Bank incorporated subsidiaries into the Group’s consolidation management system and comprehensive risk management and internal control system. Under the Group’s overall policy framework, each subsidiary formulated its own risk appetite and limits in light of the local regulatory requirements and its own business operations, established a risk governance structure with a robust organizational structure and well-defined responsibilities, and improved specific risk management policies, systems and implementation rules.

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(V) Self-Assessment Report on Internal Controls and Auditor's Report on Internal Controls

The Bank disclosed the assessment report on internal controls and the auditor's report on internal controls along with the Annual Report.

In 2025, the Bank continued to improve the comprehensiveness and effectiveness of internal control assessment. The internal control assessment was jointly carried out by the business department and the internal audit department organized by the internal control management functional department. The assessment covered the headquarters of the Bank, domestic and foreign branches, and affiliated subsidiaries, with the assessment covering multiple dimensions. The assessment effectively promoted the joint management of the “three lines of defense”, timely identified and rectified internal control deficiencies, and consolidated the foundation of high-quality development. The Board of Directors conducted an annual assessment on the effectiveness of internal controls of the Bank as at 31 December 2025 (the base date of the assessment report on internal controls). Based on the Bank's criteria for evaluating deficiencies in internal controls over financial reporting, there were no material weaknesses or significant deficiencies in internal controls over financial reporting as at the base date of the assessment report on internal controls. The Bank maintained effective and adequate internal controls over financial reporting in all material respects. In accordance with the Bank's internal controls on the identification of non-financial reporting deficiencies, no material

weakness or significant deficiencies were identified in the internal controls of non-financial reporting. The Bank proactively put efforts into improving and monitoring items with room for improvement, which did not pose any substantial impacts on the soundness and effectiveness of internal controls and reliability of financial reporting. The Comprehensive Risk Management and Internal Controls Committee of the Bank heard periodical reports on the results of rectification for the internal control problems identified in either internal or external review processes and pushed forward the implementation of the rectification of the relevant problems.

No events influencing the effectiveness of the internal controls assessment were identified from the base date of reporting to the issuance date of the internal controls assessment report.

The Bank engaged KPMG Huazhen LLP to audit its internal controls. The audit opinion on internal controls is consistent with the Bank's assessment conclusion on the effectiveness of internal controls over financial reporting. The disclosure of material deficiency in internal controls not relating to financial reporting in the auditor's report on internal controls is consistent with the disclosure made in the Bank's internal control assessment report.

For details on the Group's assessment report on internal controls and the auditor's report on internal controls, please refer to announcements of the Bank published on the website of the SSE and the “HKExnews” website of Hong Kong Stock Exchange, and the Bank's website.

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VIII. ACCOUNTABILITY MECHANISM OF MATERIAL MISTAKES IN INFORMATION DISCLOSURE OF ANNUAL REPORT

The Bank strictly complied with the regulatory requirements and BOCOM's internal policies, attended the information disclosure training, clarified internal control points of information disclosure in aspects of information reporting, preparation, and review, improved position responsibilities, implemented accountabilities for errors and prevented material disclosure errors. During the Reporting Period, there were no material mistakes in the information disclosure of the Annual Report of the Bank.

IX. MANAGEMENT OF INSIDE INFORMATION

The Bank implemented inside information management in accordance with laws and regulations, regulatory requirements, and the Bank's internal policies. In addition, the Bank strictly controlled the range of persons with access to inside information with a timely registration system. Unless the relevant information falls within the scope of the safe harbor provision referred to in *the Guidelines on Insider Information Disclosure* of the Hong Kong Securities and Futures Commission, the Bank will disclose such inside information to the public as soon as reasonably practicable. During the Reporting Period, there were no leakages of inside information.

X. SECURITIES TRANSACTIONS BY DIRECTORS AND SENIOR MANAGEMENT

The Bank requires Directors and Senior Management of the Bank to strictly adhere to *the Management Rules for the Shares Held by Directors, Supervisors 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 of the Hong Kong Listing Rules. Also, the Bank has adopted a set of standards not less exacting than those mentioned above for the securities transactions of the Directors and Senior Management. Having made enquiries, all 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.

XI. CHAIRMAN AND PRESIDENT

According to the Articles of Association of the Bank, the Chairman and the President of the Bank shall be separate. During the Reporting Period, Mr. Ren Deqi was appointed as the Chairman, and Mr. Zhang Baojiang was appointed as the President of the Bank.

XII. APPOINTMENT OF AUDITORS

As of the time of the 2025 annual general meeting of the Bank, KPMG Huazhen LLP (Special General Partnership) and KPMG have each completed 4 years of service for the Bank. The audit project partner and the signatory certified public accountant have served the Bank for 4 years.

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Upon approval at the 2024 annual general meeting of the Bank in relation to the appointment of auditors for the year of 2024, KPMG Huazhen LLP was engaged by the Bank to perform the audit for financial statements under CAS, internal controls of the Bank and other related professional services, and KPMG was appointed by the Bank to perform the audit for financial statements under IFRSs and other related professional services. The engagement period commenced from the date of approval at the 2024 annual general meeting of the Bank and will end upon the conclusion of the 2025 annual general meeting. In 2025, KPMG and its network member firms were engaged to provide services to the Group (including the Group's subsidiaries and overseas branches) with a total audit fee of approximately RMB87.599 million, which included financial statement audit fees of RMB69.288 million, internal controls audit fees of RMB1.849 million and RMB16.462 million for related professional services.

The Audit Committee of the Board of Directors of the Bank expressed its satisfaction with the work, independence and objectivity of KPMG and its network member firms.

The Bank appointed Guotai Haitong Securities Co., Ltd. and China Securities Co., Ltd. as the joint sponsors for its A-share issuance to specific targets in 2025.

XIII. ESTABLISHMENT AND IMPLEMENTATION OF ASSESSMENT MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The performance assessment of the Bank's senior management is conducted in accordance with relevant national requirements and the Bank's assessment method of senior management.

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

XIV. INVESTOR RELATIONS

The Bank has adhered to the concept of maximizing the value for investors, attached great importance to protecting the legitimate rights and interests of investors, carried out information disclosure in strict compliance with regulations, strived to build a complete closed loop of value creation and transmission, and continued to create a good image of a honest, open and responsible listed bank.

CORPORATE GOVERNANCE

(I) Promote Communication with the Capital Market through Improving Diversified Communication Channels

The Bank is committed to building an image of an active listed bank, and improving the market communication and exchange mechanism. Senior management attaches great importance to investor relations work and personally participates in major investor relations activities. During the Reporting Period, the Bank held 4 regular results briefings via a flexible combination of live video streaming over the internet, telephone conferences, and on-site meetings, as well as 3 online results briefings aimed at small and medium-sized investors. Through these events, the Bank communicated with nearly 200,000 investors, analysts, and media correspondents. Senior management of the Bank led a team to conduct domestic and overseas roadshows and had in-depth exchanges with domestic and overseas institutional investors. During the Reporting Period, the valuation management team participated in a total of over 80 domestic and foreign investor forum activities, and communicated with about 600 institutional investors in total, and maintained communication with small and medium-sized investors through online platforms such as SSE e-Interaction platform, online reception day, investor hotline, and investor mailbox. During the Reporting Period, the Bank also hosted an investor open day event themed “Integrated Services Deepening Roots in the Yangtze River Delta”, inviting representatives of domestic and overseas institutional investors and analysts to visit its operating units for an on-site understanding of the implementation of the Bank’s strategic plans and the development outcomes in key regions. Based on effective and sufficient value communication and promotion, the Bank was once again selected for the “Best Practice of Annual Report and Results Briefing of Listed Companies” and the “Best Practice of Office of the Board of

Directors for Listed Companies” in the 2025 Best Practice Evaluation by the China Association for Public Companies. Additionally, He Zhaobin, the Secretary of the Board of Directors, received a “5A rating in the 2025 Performance Evaluation of the Board Secretaries of Listed Companies”. In the “Quanjing Investor Relations Gold Award” selection launched by Quanjing.com, the Bank was honored with the “Outstanding IR Team” and “Outstanding Shareholder Return Award”. He Zhaobin, the Secretary of the Board of Directors, was recognized as an “Outstanding Board Secretary”.

(II) Strictly Adhere to the Bottom Line of Legal Compliance and Standardize Information Disclosure

The Bank followed the principle of “True, Accurate, Complete, Timely and Fair” to carry out information disclosure, published a total of 193 regular reports and various temporary announcements in the year, and maintained full and effective communication with the capital market. At the same time, the Bank continuously optimized the contents of regular reports, disclosed the progress of development strategies, demonstrated the business features of inclusive finance, trade finance, sci-tech finance and wealth finance, as well as the achievements of the construction of a Shanghai-based bank and the digital transformation, and enriched the disclosure of governance mechanisms and results of green finance development. The Bank responded to the market’s concerns about the hot issues in periodic reports, disclosed an assessment of the implementation of the action plan on “Improving Quality, Promoting Efficiency and Raising Returns for Investors”, and maintained good communication with investors. The Bank has been rated as a Class A company for information disclosure by the SSE for 12 consecutive years.

CORPORATE GOVERNANCE

(III) Effectively Safeguard the Rights and Interests of the Investors and Maintain Stable Dividend Levels

Adhering to the philosophy of maximizing investor value, the Bank continued to distribute interim dividends. In 2025, the Bank completed 3 distributions of ordinary share dividends and 1 distribution of preference share dividends, maintaining a dividend payout ratio of above 30% for 14 consecutive years. The Bank granted currency option to H-share shareholders for the first time, enhancing shareholders' sense of gain. During the Reporting Period, the Bank convened 5 shareholders' meetings. Through online voting and separate counting of votes from small and medium-sized investors on significant matters, the Bank ensured that all shareholders, regardless of their size, were able to exercise their statutory rights equally and fairly. In strict compliance with the requirements of the "Shareholders' Communication Policy" of Hong Kong Stock Exchange, the Bank solicited the shareholders' opinions and suggestions through investor mailbox, investor hotline, SSE e-Interaction Platform and other channels. Prior to the regular results briefing, the Bank issued announcements to publicly invite investors' questions of concern, thereby strengthening communication with shareholders and safeguarding their right to information. The Bank has reviewed the implementation of the Shareholders' Communication Policy during the Reporting Period and considered the current Shareholders' Communication Policy to be adequate and effective.

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

In response to *the Proposal on Launching the "Improving Quality, Promoting Efficiency and Raising Returns for Investors" Action Plan for Companies Listed in Shanghai* by the SSE, and in line with its own development strategy, business objectives, and capital plan, the Bank formulated *the Stock Valuation Enhancement Plan and the Action Plan on Improving Quality, Promoting Efficiency and Raising Returns for Investors of Bank of Communications Co., Ltd.* in March 2025 to continuously enhance returns for investors through high-quality development. During the Reporting Period, the Bank anchored in the goal of building a strong financial nation, deeply advanced the implementation of the "One-Four-Five" strategy, continuously enhanced the capability to serve national development, and made concrete and meticulous efforts in the "five priorities" of finance, accurately allocating financial resources to major national strategies, key areas and weak links. The Bank remained committed to fulfilling its role in serving the real economy, and focused on strengthening operation and management and improving the quality of development. The total amount of financial supply increased while the structure was optimized. Through concerted efforts across the Bank, the action plan was effectively implemented and translated into tangible outcomes, creating value for investors.

For details on the implementation, please refer to the sections on "Business Review", "Risk Management", "Corporate Governance" and "Investor Relations".

The Board of Directors hereby presents its report and the audited Consolidated Financial Statements of the Group for the fiscal year 2025.

I. PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of banking and related financial services. Please refer to the section of “Management Discussion and Analysis” for a review of the Group’s business during the Reporting Period. Please refer to the section of “Significant Events” for the important events of the Group that occurred since the end of the Reporting Period.

II. SUMMARY OF FINANCIAL INFORMATION

Please refer to the section of “Financial Highlights” for the summary of the operating performance, assets, and liabilities for the past five years.

III. RESULTS AND PROFIT DISTRIBUTION

- (I) Please refer to the Consolidated Statement of Profit or Loss for the operating performance of the Group during the Reporting Period.
- (II) Please refer to “Note 34 to the Consolidated Financial Statements: Other reserves and retained earnings” for the details of the Group’s undistributed profits as at the end of the Reporting Period.
- (III) The formulation, implementation or adjustment of the cash dividend policy.

The Bank’s Articles of Association clearly stated that the Bank may distribute dividends in cash or shares. The profit distribution of the Bank should focus on the reasonable return for investors. The profit distribution policy should maintain its continuity

REPORT OF THE BOARD OF DIRECTORS

and stability. Unless under special circumstances, where the Bank records a profit for the year and has positive accumulated undistributed profits, dividends shall mainly be distributed in cash. The amount of profit distributed in cash each year shall not be less than 10% of the Group’s net profit attributable to shareholders of the Bank for the relevant financial year.

During the Reporting Period, the Bank distributed a cash dividend for 2024 of RMB0.379 (tax inclusive) per share to ordinary shareholders, amounting to a total of RMB28.146 billion and representing 32.68% of the net profit attributable to ordinary shareholders of the Bank. The profit distribution policy complied with the Articles of Association and the resolutions of Shareholders’ Meeting. The plan, to which independent consent was expressed by 6 Independent Non-executive Directors, was clear in terms of the standard and ratio of dividend distribution with adequate decision-making procedures and mechanism, which fully protected the legitimate rights and interests of medium and small investors, enabling them to fully express their opinions and demands.

The Board of Directors of the Bank considered that in order to further enhance the sense of gain of investors and take into account the capital demand of the Bank’s long-term development, it was proposed to the Shareholders’ Meeting for approval to distribute the semi annual profit of 2025 to all ordinary shareholders in the first quarter of 2026, with a cash dividend of RMB1.563 (tax inclusive) per 10 shares. In March 2026, the Board of Directors of the Bank deliberated and approved the distribution of 2025 profits to ordinary shareholders, with a cash dividend of RMB1.684 (tax inclusive) per 10 shares. In 2025, the Bank distributed a total of RMB28.692

REPORT OF THE BOARD OF DIRECTORS

billion of cash dividends to ordinary shareholders, accounting for 32.3% of the net profit attributable to ordinary shareholders of the Bank. The withholding and reduction of taxes related to dividends were carried out in accordance with relevant national laws and regulations. For details, please refer to dividend distribution implementation announcement issued by the Bank. Please refer to the section of “Changes in Shares and Shareholders” for the result of preference share dividend distributions.

IV. CAPITAL RESERVE

Please refer to Consolidated Statement of Changes in Equity for the details on the movements of capital reserve of the Group during the Reporting Period.

V. CHARITABLE DONATIONS

Charitable donations made by the Group during the Reporting Period amounted to 64.7326 million⁶.

VI. FIXED ASSETS

Please refer to “Note 23. to the Consolidated Financial Statements: Property and equipment” for the details of changes in the Group’s fixed assets during the Reporting Period.

VII. PUBLIC FLOAT

During the Reporting Period and up to the latest practicable date prior to the publication of this Annual Report, the Bank kept on fulfilling the public float requirements in compliance with the Hong Kong Listing Rules, based on public information and knowledge of the directors.

VIII. DIRECTORS’ SERVICE CONTRACT

None of the directors of the Bank entered into any service contracts with the Bank, which would entail compensation if terminated by the Bank within one year (other than statutory compensation).

IX. INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than the information disclosed in the section of “(III) Continuing Connected Transactions under the Standards of Hong Kong Stock Exchange” in the report of the Board of Directors, during the Reporting Period or as at the end of the Reporting Period, neither the Bank’s directors nor their connected entities had any direct or indirect material interests in any transactions, arrangements or contracts of significance set up by the Bank or any of its subsidiaries.

X. MANAGEMENT CONTRACT

During the Reporting Period, the Bank neither entered into nor held any contracts concerning the management and administration of the whole or any substantial part of the Bank’s businesses.

XI. INTERESTS OF DIRECTORS IN COMPETING BUSINESS OF THE BANK

Except as disclosed in the chapter of “Corporate Governance”, none of the directors of the Bank held any interests among the businesses that directly or indirectly competed or were likely to compete with the Bank.

XII. REMUNERATION POLICY OF DIRECTORS AND SENIOR MANAGEMENT

Please refer to the section of “Remuneration Decision-making Process and the Deciding Factors”.

⁶ Including personal donations of employees.

XIII. PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND THEIR MEMBERS

Please refer to the chapter of “Corporate Governance”.

XIV. RELATIONSHIP AMONG DIRECTORS AND SENIOR MANAGEMENT

There was no financial relationship, business relationship, family relationship or any other significant relationship subject to disclosure among directors and senior management of the Bank.

XV. PRE-EMPTIVE RIGHTS, SHARE OPTION ARRANGEMENTS, AND ISSUANCE OF BONDS

There were no provisions regarding pre-emptive rights of the shareholders under the Articles of Association and relevant laws and regulations of the People’s Republic of China. The Bank did not have any arrangements with respect to the share options. Please refer to the chapter of “Changes in Shares and Shareholders” for the issuance of ordinary shares by the Bank during the Reporting Period. Please refer to “IV Issuance, Listing, Trading and Redemption/Payment of Securities” set out in the section of “Changes in Shares and Shareholders” in the chapter of “Changes in Shares and Shareholders” for the issuance of bonds by the Bank during the Reporting Period.

XVI. RIGHTS OF DIRECTORS TO SUBSCRIBE FOR SHARES OR DEBENTURES

During the Reporting Period or as at the end of the Reporting Period, the Bank or its subsidiaries did not enter into any agreements or arrangements which enabled the directors to acquire benefits by means of the acquisition of shares or debentures of the Bank or any other legal entities.

REPORT OF THE BOARD OF DIRECTORS

XVII. MAJOR CUSTOMERS

During the Reporting Period, the total interest income and other operating income from the 5 largest customers of the Group accounted for less than 30% of the sum of the Group’s interest income and other operating income.

XVIII. CONNECTED TRANSACTIONS

During the Reporting Period, the Bank strictly followed the regulations of the NFRA, the CSRC and the listing rules of Shanghai and Hong Kong, implemented standardized management on related party transactions, adhered to commercial principles, and conducted related party transactions on conditions not superior to similar transactions with non-related parties. During the Reporting Period, there were no unfair related party transactions.

(I) Related Party Transactions under the NFRA Standards

According to *the Administrative Measures on Related-party Transactions of Banking and Insurance Institutions* (Order of the China Banking and Insurance Regulatory Commission [2022] No. 1), the Bank’s on – and off-balance sheet net credit amount to all related parties was 181.288 billion at the end of the Reporting Period, accounting for 12.9596% of the Bank’s net capital. BOCOM Leasing Management Hong Kong Co., Ltd. had the largest net credit, with the on – and off-balance sheet net credit amount of 46.651 billion, accounting for 3.3349% of the Bank’s net capital. Among the groups of affiliated legal persons, BOCOM Financial Leasing Co., Ltd. and its subsidiaries had the largest net credit, with the on – and off-balance sheet net credit amount of 114.401 billion, accounting for 8.178% of the Bank’s net capital. All of the above are in compliance with the regulatory ratio requirements.

REPORT OF THE BOARD OF DIRECTORS

At the end of the Reporting Period, the net value of the transactions with affiliated legal persons or unincorporated organizations was 180.848 billion, mainly including loans and securities investment, and other on-balance-sheet credits, irrevocable commitments and contingent liabilities as well as off-balance-sheet credits. Counterparties mainly included BOCOM Leasing Management Hong Kong Co., Ltd., BOCOM Financial Leasing Co., Ltd., BOCOM Financial Asset Investment Co., Ltd., BOCOM Leasing Development Hong Kong Co., Ltd., Bank of Beijing Co., Ltd., BANCO BOCOM BBM S.A., HSBC HOLDINGS PLC, Bank of Communications (Luxemburg) Limited, Bank of Communications (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited.

As at the end of the Reporting Period, the balance of loans for related natural persons of the Bank was 282 million, and the overdraft limit of credit cards (including the credit undrawn) amounted to 158 million.

During the Reporting Period, the Bank and its related parties accumulated assets transfer transactions of 6.866 billion, service-based transactions of 6.95 billion, deposits of 139.888 billion, derivatives transactions of 8.534 billion on the basis of the absolute value of fair value valuation at the date of the transaction, and other transactions of 318.686 billion⁷.

(II) Related Party Transactions 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* and *the Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Reports*, the total on- and off-balance sheet credit granted to all related parties by the Bank under the standards of the CSRC and the SSE at the end of the Reporting Period was 8.576 billion.

At the end of the Reporting Period, the Bank's credit balance with affiliated legal persons or unincorporated organizations was 8.565 billion. Transactions with affiliated legal persons or unincorporated organizations mainly included on-balance-sheet businesses such as loans, securities investments, irrevocable commitments and contingent liabilities and other off-balance-sheet credit. Counterparties included The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited, Suzhou Bank Co., Ltd. and HSBC Asia Holdings Limited., Holitech Technology Co., Ltd., Hang Seng Bank Limited, China Life Property & Casualty Insurance Company Limited. At the end of the Reporting Period, the overdraft limit of credit cards (including the credit undrawn) amounted to 11.0870 million.

⁷ In 2025, the Bank included its bond trading business within the statistical scope of "other" category related-party transactions.

During the Reporting Period, the accumulated assets transfer between the Bank and its related parties amounted to 1.047 billion, the accumulated services provided by related parties to the Bank amounted to 1.414 billion, and the accumulated other transactions amounted to 193.478 billion⁸.

(III) Continuing Connected Transactions under the Standards of Hong Kong Stock Exchange

HSBC is a substantial shareholder of the Bank. According to the Hong Kong Listing Rules, HSBC, together with its associates (including subsidiaries), are connected persons of the Bank. The Group has regularly engaged in various transactions in the normal course of banking businesses with HSBC Group, including but not limited to interbank loans and borrowings transactions, bond transactions, money market transactions, foreign currency transactions, other financial asset transactions, other financial service transactions and swaps and options transactions. To regulate the continuing transactions mentioned above, the Bank and HSBC entered into the Interbank Transactions Master Agreement on 29 May 2023 for a period of three years commencing on 1 June 2023 and ending on 31 May 2026.

REPORT OF THE BOARD OF DIRECTORS

The parties agreed that each transaction contemplated under the Master Agreement shall be carried out in accordance with applicable normal practice of the interbank market and on normal commercial terms: where there are applicable laws or regulations or promulgations by or notices from applicable regulatory authorities fixing the prices or rates for the transaction, such fixed prices or rates shall apply; where there is no fixed price or rate, for open market transactions, reference will be made to the prevailing market prices; while for other types of transactions (such as over-the-counter transactions), it shall be determined with reference to the prices or rates the parties would quote to each other or to independent counterparties (of equivalent credit worthiness as the parties) with respect to the particular type of transaction concerned (if applicable) and the risk management policies of both parties with respect to the transaction concerned.

During the Reporting Period, the continuing connected transactions under the Master Agreement were as follows: 1. During the period from 1 January 2025 to 31 December 2025, the realized gains, realized losses, unrealized gains and unrealised losses (as applicable) amounted to 5.265 billion, 5.523 billion, 1.48 billion and 1.885 billion, respectively. 2. As at 31 December 2025, the fair value (whether recorded as assets or liabilities) of foreign exchange transactions, other financial assets transactions, and swap and option transactions conducted with the HSBC Group amounted to 7.972 billion. The above continuing connected transactions did not exceed the transaction caps stipulated under the Master Agreement.

⁸ This figure includes 112.42 billion raised by the Bank through a targeted capital raising from Ministry of Finance (by issuing A shares).

REPORT OF THE BOARD OF DIRECTORS

Pursuant to Rule 14A.87(1) and Rule 14A.90 of the Hong Kong Listing Rules, interbank loans and borrowings transactions contemplated under the Master Agreement are exempted from the requirements of reporting, annual review, announcement, and independent shareholders' approval. Since Mr. Liao, Yi Chien David, and Mr. Chan Siu Chung are also employed by HSBC, they were deemed to have material interest in the continuing connected transactions contemplated under the 2023 Interbank Transactions Master Agreement and abstained from voting on the relevant resolutions of the Board of Directors. Other than the directors mentioned above, none of the other directors have a material interest in such continuing connected transactions.

Upon detailed review of the continuing connected transactions in 2025, all of the Independent Non-executive Directors of the Bank considered that the continuing connected transactions were: 1. In the ordinary course of businesses of the Group. 2. Under normal or more favorable commercial terms. 3. In accordance with the Master Agreement and on terms that are fair and reasonable and in the interests of the shareholders of the Bank as a whole.

The auditors had issued a letter to the Board of Directors in respect of the continuing connected transactions in 2025, confirming the following: 1. Such transactions were approved by the Board of Directors. 2. Such transactions were in accordance with the pricing policies of the Bank. 3. Such transactions were conducted in accordance with the terms of the Master Agreement. 4. The actual transaction amount of the non-exempt continuing connected transactions in 2025 did not exceed their respective caps.

The Bank confirmed that the specific agreements under the continuing connected transactions during the Reporting Period were entered into and executed in accordance with the pricing principles of such continuing connected transactions.

Save as disclosed above, no related party transaction or continuing related party transaction set out in "Note 45 to the Consolidated Financial Statements: Related party transactions" that constitutes the connected transaction or continuing connected transaction required to be disclosed under the Hong Kong Listing Rules. Regarding the non-exempt connected transaction and continuing connected transactions, the Bank complied with the disclosure requirements as specified in Chapter 14A of the Hong Kong Listing Rules.

(IV) Please refer to “Note 45 to the Consolidated Financial Statements: Related party transactions” for related party transactions prepared in accordance with the accounting standards

XIX. PERMITTED INDEMNITY PROVISION

Subject to the applicable laws and the coverage of insurance of directors’ liabilities of the Bank placed for the directors, each director of the Bank will be entitled to be indemnified against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto. Such provisions were in force during the Reporting Period and remained in force as of the date of this Annual Report.

XX. ENVIRONMENT POLICIES AND PERFORMANCE

Please refer to the section of “Environmental and Social Responsibility” in this report for the details.

XXI. COMPLIANCE WITH LAWS AND REGULATIONS

The Group needs to comply with various laws and regulations, mainly including *the Civil Code of the People’s Republic of China, the Company Law of the People’s Republic of China, the Commercial Bank Law of the People’s Republic of China*, domestic and overseas securities laws and exchange regulations, and other regulations and legal documents.

The Group ensures its adherence to the laws, regulations, departmental regulations and legal documents that are closely related to operations and management through internal control, compliance management, employee training, and other measures. The Group will notify related employees and operating teams in an appropriate manner if there are significant changes in laws, regulations, departmental regulations and legal documents.

REPORT OF THE BOARD OF DIRECTORS

During the Reporting Period, to the knowledge of the Bank’s directors, the Group had no violation of related laws and regulations which would have significant effects on the Group’s operations and management.

XXII. RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group is devoted to maintaining the long-term sustainable development, continuously creating value for employees and customers and keeping good relationship with suppliers. The Group clearly understands that employees are valuable assets. For details regarding the training management of employees, talent cultivation and reserve and remuneration policy, please refer to “Human Resource Management” set out in the chapter of “Corporate Governance”. Emphasizing on supplier selection, the Group encourages fair and public competition and intends to establish the long-term cooperation relationship with high quality suppliers based on mutual trust. Based on the core value of integrity, the Group is devoted to providing better financial services and creating a reliable service environment for customers.

XXIII. LIST OF DIRECTORS

Please refer to the section “Corporate Governance” for the list of directors during the Reporting Period and as at the date of this Annual Report (unless otherwise stated).

The aforementioned sections, reports and notes form an integrated part of the Report of the Board of Directors.

By order of the Board of Directors
Chairman
Ren Deqi

27 March 2026

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank implemented the new development concept, vigorously promoted a financial culture with Chinese characteristics, continuously enriched the Bank's corporate culture, advocated "harmonious coexistence between human beings and nature", and actively contributed financial resources toward the goal of achieving "common prosperity for all people". The Bank actively fulfilled social responsibilities by supporting employee development, enhancing customer experience, building resilient supply chains and giving back to society, thereby pooling strength to create an inclusive future. The Bank's targeted assistance initiatives have received a "Good" rating in performance assessments for 7 consecutive years. For further details on the Bank's fulfillment of social responsibilities, please refer to the *Sustainability Report 2025 of Bank of Communications Co., Ltd.* on the website of the SSE and the "HKExnews" website of Hong Kong Stock Exchange.

I. ENVIRONMENTAL PROTECTION

(I) Green Finance

The Bank increased financial support for the construction of a beautiful China, helping promote the comprehensive green transformation of economy and society. Under the "14th Five-Year Plan", the Bank placed more emphasis on 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, and promoted the synergistic development of green finance and four business features, so as to better meet 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. Governance structure

The Board of Directors is the highest decision-making body of the Bank for green finance, responsible for establishing and promoting green concepts such as conservation, low-carbon, environmental protection and sustainable development across the Bank, and for reviewing and approving the green finance development strategies and important systems formulated by senior management. The Social Responsibility (ESG) and Consumer Protection Committee and the Risk Management and Related Party Transaction Control Committee under the Board of Directors are responsible for the management of green finance and ESG risks, respectively. During the Reporting Period, the Social Responsibility (ESG) and Consumer Protection Committee reviewed the green finance progress report submitted by senior management, determined the development objectives of green finance, and supervised and assessed the implementation progress. The Social Responsibility (ESG) and Consumer Protection Committee also requested the Board of Directors to review and approve the Group level climate related special disclosure report, namely *the Environmental Information Disclosure Report 2024*. The Risk Management and Related Party Transaction Control Committee under the Board of Directors regularly carried out assessments of the climate risk management situation.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

In accordance with the Group's green finance development strategy, senior management and its Green Finance Development Committee formulated the Bank's policies and systems to promote the development of green finance and the achievement of "carbon peak and carbon neutrality", enhanced the institutional mechanisms for green finance development, and submitted major green finance plans to the Board of Directors for approval as appropriate. During the Reporting Period, the Bank clearly set green finance as an important direction for business expansion, focused on key sectors and major projects supported by the state, made good use of the support tools of refinancing provided by the People's Bank of China, and proactively built up the distinctive strengths of green finance.

2. Policy system

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. The green loans growth target for the end of 2025 had been successfully achieved. "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.

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 Development Committee, clarified the key directions and tasks for green finance throughout the year, and established a comprehensive package of supporting policies encompassing assessment and evaluation, resource allocation, credit review, organizational structure, and business training. The *Transition Finance Policy Package of Bank of Communications Co., Ltd.* was launched to promote the implementation of transition finance business. The *Green and Low-Carbon Industry Map of Bank of Communications Co., Ltd.* was compiled to strengthen the targeted provision of green financial services through the approach of "one province, one map" based on the resource endowments of each region. 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 dynamically updated the credit-granting approval guidelines for new energy fields such as wind power project, wind power equipment manufacturing, photovoltaic power generation project, photovoltaic manufacturing industry chain and energy storage project. The Bank published the review and approval key points or reminder in the green finance fields such as photovoltaic, new energy vehicles, lithium batteries, charging piles, energy storage, hydrogen energy, low-carbon transformation of the steel industry, low-carbon transformation of coal-fired power, and zero-carbon parks. The Bank focused on energy, manufacturing, urban and rural construction, transportation and other key "dual-carbon" areas, 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.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

- (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.
- (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.

The Bank continued to pay attention to biodiversity conservation. During the Reporting Period, for industries with the potential to have significant impacts on biodiversity, requirements for biodiversity and ecological risk management were clearly stipulated in the industry credit policies. The Bank did not provide credit support to customers and projects that pose material environmental risks, endanger major nationally protected wildlife and their habitats, or cause serious damage to natural reserves, national key ecological functional areas or national parks. The *2025 Credit and Risk Policy Outline of Bank of Communications Co., Ltd.* clearly supports financing needs in areas including biodiversity conservation.

The Bank actively carried out research and business innovation in the field of biodiversity conservation. In Zhejiang Province, the Bank actively participated in the pilot program for biodiversity finance standards, compiled a green development map for the Zhejiang Branch, and designated biodiversity conservation as a key work area. Focusing on Zhejiang's ecological resources and industrial characteristics, the Bank issued loans specifically for the construction of a 600MW photovoltaic power station, which innovatively adopted a three-dimensional model of "power generation above and planting below the photovoltaic panels", achieving coordinated development of clean energy and high-efficiency ecological agriculture. In Jiangxi Province, the Bank formulated an implementation plan for the pilot application of biodiversity finance standards, implemented biodiversity-related loans for national reserve forestry projects and ecological agriculture, and explored the construction of a financial support model for biodiversity conservation. In Yunnan Province, the Bank provided targeted credit support for a standardized bolete cultivation project, assisting in the industrialized and large-scale cultivation of rare wild mushroom species. This innovative model contributed to the protection of the ecological treasures of the tropical rainforest and drove income growth for local farmers.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

3. Practice Effectiveness

First, the Bank strengthened due diligence, review and approval in the ESG area for credit customers, fully assessing customers' ESG performance, benefits and risks, and continuously optimizing the allocation of credit resources. During the Reporting Period, the Bank revised the *Green Credit Implementation Measures of Bank of Communications Co., Ltd.* to reinforce requirements related to ESG risk management. Environmental, Social and Governance (ESG) risks were deeply integrated into the entire credit management process. In terms of due diligence and customer screening, customers' ESG performance was treated as a crucial element of due diligence. Enterprises or projects with serious violations of laws and regulations or substandard ESG performance were not admitted. In terms of credit review and approval, customers' ESG performance served as an important factor in assessing their overall credit risk. Written review opinions were issued concerning customers' ESG risks. In terms of contract signing and fund disbursement management, clauses relevant to strengthening ESG risk management were incorporated into credit contracts, and ESG risk status was used as a key basis for determining credit funds disbursement. In terms of post-loan (post-investment) management, the Bank closely monitored the impact of changes in external environment on customers and their industries, continuously tracked customers' ESG risk profiles, and took timely measures where material ESG risks arose.

Second, 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 950.825 billion, representing an increase of 117.946 billion or 14.16% over the beginning of the year. Among them, loans for infrastructure green upgrading industry were 435.821 billion, representing an increase of 68.67 billion or 18.7% over the end of the previous year, loans for energy conservation and carbon reduction industries were 71.745 billion, representing an increase of 18.495 billion or 34.73% over the end of the previous year. During the Reporting Period, the Bank issued 30.0 billion in green financial bonds in the national inter-bank bond market. The proceeds collected were fully used for green industry projects. The balance of investments in green bonds was 41.944 billion, representing an increase of 14.459 billion or 52.61% over the end of the previous year. As a member of the Green Bond Standards Committee, the Bank helped build the green bond standards, and underwrote 22.059 billion in green bonds, representing a year-on-year increase of 240.47% compared with 2024.

Third, the Bank made forward-looking arrangements for the innovative development of transition finance. In collaboration with relevant authorities, the Bank compiled a national transition finance catalogue for the waterborne transport industry and piloted the implementation of the nation's first transition loan for a methanol dual-fuel vessel. The Bank actively implemented the outcomes of the 11th China-UK Economic and Financial Dialogue, promoting the establishment of the China-UK Green Finance Working Group and the Transition Finance Working Group, and strengthening international exchanges and cooperation in the field of transition finance. The Bank actively conducted transition finance business, rolling out innovative transition finance business across more than ten sub-sectors, including shipping, steel, agriculture, building materials, and coal-fired power. The Bank established a transition finance policy system, comprising a policy package, operational guidelines, and a collection of case studies, providing effective support for business development.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Fourth, the Bank actively made good use of carbon emission reduction support tools and continued to step up support for clean energy, power system renovation, carbon emission reduction technologies, etc. Furthermore, the Bank strictly controlled enterprises or projects with heavy pressure on environmental protection and high energy consumption, adopted targeted measures based on classification, and proactively improved the credit structure.

In the first three quarters of 2025, the Bank cumulatively issued 4.059 billion in carbon-emission-reduction loans meeting the requirements of the People's Bank of China to 98 projects, with a weighted average loan interest rate of 2.75%, resulting in an annual carbon emission reduction of 1,144,800 tons of carbon dioxide equivalent. Since obtaining funding support from carbon emission reduction support tools in 2021, and as of the end of the third quarter of 2025, the Bank had cumulatively issued 30.918 billion in carbon-emission-reduction loans meeting the requirements of the People's Bank of China to 569 projects, with a weighted average loan interest rate of 3.28%, resulting in an annual carbon emission reduction of 6,505,400 tons of carbon dioxide equivalent.

Adhering to the concept of green development, the Group's subsidiaries have been assisting in the green and low-carbon transformation of the economy through a variety of means, including green leasing, issuance of ESG-themed products, green equity investment and green bond investment.

BOCOM Financial Leasing Co., Ltd vigorously supported green shipping, delivering the first domestically built "carbon-neutral" vessel and completing the nation's first transition finance ship financial leasing business. The company promoted the green transformation of the aviation industry, with green new aircraft accounting for over 80% of new placements during the year. The company completed its first direct leasing business for supercharging stations, its first green power trading transaction for a residential photovoltaic power station project, and its first green certificate trading transaction for a new energy photovoltaic power station project. The company also completed the issuance of the world's first green US dollar bond in line with the *Multi-jurisdiction Common Ground Taxonomy* jointly developed by China, the European Union, and Singapore. The company also issued the China's first rural revitalization-themed green financial bond by a non-banking institution, with an issuance size of 3.5 billion, setting two records for both the largest single-issue scale and the lowest issuance rate among non-banking green bonds. The company continued to publish social responsibility (ESG) reports, comprehensively showcasing its outstanding achievements in economic, environmental and other responsibility areas, and was fully committed to advance green finance.

BOCOM Schroder Fund Management Co., Ltd. actively practiced the concept of green finance investment and continued to promote the development of its ESG investment system. In the fixed-income sector, the company strengthened research on green bonds, established a monitoring mechanism, and incorporated green bond strategies into the investment scope of newly launched bond funds. As at the end of the Reporting Period, the scale of green bond investments through publicly offered products reached 2.908 billion. In the equity investment sector, the company developed an environmental risk rating model covering more than 5,300 A-share stocks listed on the Shanghai, Shenzhen and Beijing stock exchanges, and applied it to investment target screening, promoting the implementation of ESG concepts in investment practice. The BOCOM SSE 180 Corporate Governance ETF selects constituent stocks with strong corporate governance, while applying ESG evaluation-based screening constraints to enhance sustainable investment standards. The BOCOM CNI New Energy Index Fund and the BOCOM CSI Environmental Governance Index Fund focus respectively on the new energy sector and environmental protection fields such as wastewater treatment and solid waste management, forming a distinctive ESG equity product layout.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

BOCOM Wealth Management Co., Ltd. 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 15.7 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 15.1 billion, representing an increase of 32.3% compared with the end of the previous year.

BOCOM Financial Asset Investment Co., Ltd. regarded green finance as one of its key investment tracks and focused its equity investments on areas including clean energy, energy conservation and carbon reduction, environmental protection industries, the green and low-carbon transition of energy, and green services. The company continued to deepen its presence in the clean energy power generation sector, building mature client resources and investment experience, and completed an investment layout along the industrial chain centered on core new energy enterprises. In July 2025, State Grid Xinyuan Holding Co., Ltd. ("**State Grid Xinyuan**"), the largest pumped-storage platform in China under the State Grid Corporation of China, completed a new round of strategic investor introduction with a total scale of 36.5 billion, setting a record for the largest cash fundraising in the history of state-owned asset rights transactions. BOCOM Financial Asset Investment Co., Ltd. contributed 2.4 billion through a market-oriented debt-to-equity swap to help enhance the company's capital strength and optimize its capital structure, thereby promoting the high-quality development of the pumped-storage industry. Looking ahead, BOCOM Financial Asset Investment Co., Ltd. will continue to focus on strategic emerging industries such as clean energy and energy conservation and environmental protection, deepen its green finance initiatives, and support the green transformation and development of the real economy.

BOCOM MSIG Life Insurance Co., Ltd. supported the development of green finance through equity investments, debt investments, and product issuance. As at the end of the Reporting Period, the company's balance of investments in green financial products amounted to 4.309 billion, and its asset management subsidiary had issued green insurance debt plan products with a financing balance of 5.712 billion.

BOCOM International Trust Co., Ltd. actively promoted the development of green trusts and deepened its engagement in green finance, increasing support for the green, low-carbon and circular economy. During the Reporting Period, the scale of newly added green bond investments exceeded 1.8 billion.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Green Procurement and Operations

The Bank actively advocated and strived to practice green procurement by integrating green and environmental protection concepts into its procurement systems and processes, and by giving priority to the purchase of energy-saving and environmentally friendly products. Criteria such as “energy-saving and environmental certifications” and “construction environmental protection management system plans” were included as evaluation factors for proposed procurement items, thereby actively conveying green and environmental protection concepts to suppliers. The Bank vigorously promoted digitalized and paperless procurement, comprehensively applied electronic bidding systems and e-commerce procurement platforms, and implemented online contract execution and electronic signature methods, with a view to continuously enhancing the effectiveness and efficiency of green procurement.

The Bank adhered to the concept of green development, embedding green principles as the defining feature of the Group’s overall business operations and development. The Bank actively advanced development that prioritizes ecological protection, resource conservation and intensive use, and green and low-carbon growth, thereby enhancing the green development governance capabilities. With a strong sense of social responsibility, the Bank strictly complied with national laws and regulations on environmental protection and energy, continued to strengthen the systematic development of the Bank’s green operations, and proactively played a demonstrative and leading role within the industry.

The Bank carried out green and energy-saving building retrofits. For the Bank’s self-owned office properties, the Bank implemented projects including upgrades to air-conditioning systems, renovations of data center infrastructure, energy-saving lighting retrofits, and energy-saving upgrades to fresh-air control systems, thereby improving overall energy efficiency. During the year, the Bank of Communications Financial Tower was awarded the Gold Award in the “2024 Shanghai Existing Building Green and Low-Carbon Renovation Assessment”. The Bank continued to advance green and low-carbon operation of data centers and the renovation of existing server rooms, continuously tapping the energy-saving potential of data centers and exploring green and energy-saving technologies. Using the Pujiang Park as a pilot site, the Bank built a green and low-carbon demonstration park and implemented refined energy-consumption management for data-center equipment. The Bank carried out studies and routine maintenance on multiple energy-saving optimization measures, focusing on heating and ventilation systems, power distribution, and auxiliary facilities, and explored the benefits of waste-heat recovery, comprehensively enhancing the green operation level of data centers. The Pujiang Park was selected as a National Green Data Center for 2025 and received the financial industry’s first ODCC (Open Data Center Committee) Green Data Center Design Category 5A Certification.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Bank actively utilized renewable energy. The Bank constructed distributed photovoltaic facilities integrated with energy storage and, in areas with favorable solar resources, made full use of rooftops, carports, and vacant spaces to install solar panels at office buildings and large branches, achieving a self-generation and self-consumption distributed photovoltaic model to replace part of grid electricity. The Bank continuously monitored progress in national market-based renewable energy procurement policies and entered into long-term agreements with clean energy suppliers, steadily increasing the proportion of clean energy consumption. In regions without severe cold conditions and with relatively well-developed new energy vehicle infrastructure, the Bank encouraged the priority purchase of new energy vehicles for official use and installed electric vehicle charging facilities at office buildings and campuses, providing infrastructure support for the electrification of official vehicles and employees' electric-vehicle commuting.

II. SOCIAL RESPONSIBILITY

(I) Consumer Right Protection

During the Reporting Period, the Bank always adhered to the people-centered development philosophy, earnestly fulfilled the Bank's main responsibilities, deeply advanced "comprehensive consumer protection" work pattern, and fully integrated consumer protection requirements into corporate governance, corporate culture and business development. The Bank constantly improved the systematic mechanism of consumer protection and continued to improve the capability and level of financial services, thereby effectively protecting the legitimate rights and interests of financial consumers.

1. Improving the consumer protection systematic mechanism and enhancing the consumer protection management system.

The Bank coordinated the formulation and refinement of consumer protection work plans, programs and tasks, ensuring adequate resource support and safeguards for consumer protection efforts and providing strong guidance for their implementation. The Bank established and enhanced 15 consumer protection mechanisms, including consumer protection review, consumer protection management of cooperative institutions, financial education, and diversified dispute-resolution mechanisms. The Bank also improved 29 consumer protection management systems, including policies on consumer rights protection, the administration measures for consumer rights protection, and the management measures for handling customer feedback and complaints.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

2. Fully implementing comprehensive review of consumer protection to prevent potential infringements.

For products and services provided by the Bank, consumer protection reviews were conducted at stages including design and development, pricing management, formulation of systems and agreements, marketing, and promotion. Policies, systems, business rules, customer operating procedures and steps, pricing and fees, contractual terms, promotional materials, and communication scripts that could affect consumers were assessed and reviewed. Relevant risks were identified and highlighted, and clear and specific review opinions were provided. In accordance with the new regulatory requirements on agency sales, the Bank standardized requirements for departments managing agency sales to carry out consumer protection assessments and reviews during the admission of cooperative institutions and agency-sold products. During the Reporting Period, the Bank conducted 42,000 consumer protection reviews, proactively identifying risks at an early stage.

3. Advancing financial education through integrity and innovation to enhance financial consumer literacy.

Focusing on the theme of “Safeguarding Financial Rights and Interests, Delivering a Better Life”, the Bank carried out a series of financial education and publicity activities, strengthening case-based risk alerts and routine financial education. Special attention was given to vulnerable and specific groups, including the elderly, young people, new urban residents, migrant workers and farmers, persons with disabilities, and foreign nationals residing in China. The Bank innovatively integrated financial education into consumption scenes such as culture and tourism, extended outreach to grassroots communities, and achieved comprehensive coverage. These initiatives cumulatively reached 1.49 billion consumer engagements, generating positive public feedback.

4. Managing complaints by addressing both symptoms and root causes, and resolving disputes through diversified mechanisms.

Adhering to a problem-oriented approach, the Bank stepped up efforts in complaint source governance. The Bank optimized customer feedback handling processes, improved and disclosed online and offline channels for receiving customer feedback, and ensured timely resolution of issues raised by customers. By promoting a fast-track mechanism for handling customer feedback across the Bank, processing procedures were simplified, resolution chains were significantly shortened, and handling efficiency was enhanced. Drawing on the “Fengqiao Experience” in the new era, the Bank adopted diversified mechanisms to resolve conflicts and disputes. As of the Reporting Period, the Bank had established cooperation with 220 mediation organizations and engaged 184 full-time and part-time mediators. Throughout the year, a total of 16,073 cases were successfully mediated, all of which were effectively enforced.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

During the Reporting Period, the Bank accepted 317,600 financial consumer complaints⁹, achieving a 100% resolution rate. Complaints primarily involved credit card business (132,000 cases, accounting for 41.6%), personal loan business (86,100 cases, accounting for 27.1%), debit card business (65,800 cases, accounting for 20.7%), and other businesses (33,700 cases, accounting for 10.6%). Complaints were mainly distributed across regions including Shenzhen (3.4%), Guangdong Province (3.1%), Henan Province (2.2%), Jiangsu Province (2.2%), Hubei Province (2.1%), Beijing (2.0%), Shanghai (1.9%), Shandong Province (1.6%), Hunan Province (1.5%), and Anhui Province (1.3%)¹⁰.

5. Accelerating the digital and intelligent transformation of consumer protection to enhance the quality and efficiency of consumer protection management.

The Bank built a “New-Generation Consumer Protection Management System,” leveraging technologies such as artificial intelligence to enable online and automated processing of consumer protection reviews, complaint management, financial education, and other related functions. By applying OCR technology, natural language processing technique (NLP), and machine-learning algorithms, the system intelligently supported consumer protection reviews and established a complaint classification model, enabling automated assignment to the relevant departments and business lines. The Bank’s “New-Generation Consumer Protection Management System” received multiple awards, including recognition as a “2025 Typical Case of Digital Finance Practice in the Banking Industry.”

The Bank supervised and inspected the quality and efficiency of consumer rights protection through dedicated consumer protection audits. Audit results were reported to the Social Responsibility (ESG) and Consumer Rights Protection Committee of the Board of Directors and were also submitted to the Board of Directors for reference. Consumer protection audits focused on areas including the construction and operation of the consumer protection framework and mechanisms, complaint management and root-cause rectification, consumer protection reviews, product promotion and marketing, information disclosure, and publicity and financial education. In 2025, the Bank conducted consumer rights protection audits covering 21 provincial-level branches directly under the Head Office and three Head Office departments.

⁹ The data excluded duplicate complaints.

¹⁰ Complaints related to certain businesses, such as credit card services, were centrally handled by the Head Office; regional proportions reflected only complaints attributable to branch offices.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

(II) Charitable Donations

The Bank actively fulfilled corporate citizenship responsibilities, engaged in public welfare initiatives, and carried out distinctive community-based charity activities. During the Reporting Period, the Bank implemented 216 public welfare projects, incurred 64.7326 million in charitable donations, and recorded 390,821 hours of employee volunteer service. These efforts spanned multiple areas, including rural revitalization, assistance to persons with disabilities and those in need, disaster relief, ecological protection, and cultural heritage preservation. The Bank promptly provided emergency assistance to the Dingri earthquake in Shigatze, Tibet, and the Tai Po fire in Hong Kong, demonstrating solidarity in times of difficulty. The Bank has supported the development of disability-related initiatives for 18 consecutive years. Through sponsorship of the “Beautiful Workshop” program, the Bank helped women with disabilities achieve employment and income growth, and an original public welfare song, “As Beautiful as Her”, was performed at the United Nations Headquarters. The Bank also continued to support national vocational skills competitions for persons with disabilities, assisted the professional growth of disabled workers, and provided comprehensive support for the successful hosting of the Paralympic and Special Olympics Games, helping participants pursue their aspirations. At the 7th National Commendation Conference for Role Models of Self-Reliance and Advanced Units and Individuals Supporting Persons with Disabilities, the Bank was awarded the honorary title of “National Advanced Collective for Work Related to Persons with Disabilities”.

(III) Services for Inclusive Small and Micro Enterprises

Please refer to the chapter of “Business Review”.

III. RURAL REVITALIZATION

(I) Financial Support for Rural Revitalization

The Bank continuously strengthened rural 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 strengthened financial services for leading agricultural enterprises and value-chain enterprises in sectors such as grain production and seed breeding, 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 replicating and promoting 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 key assisted counties and areas formerly affected by poverty.

The Bank enriched the supply of agriculture-related financial products. The Bank continued to optimize the “Yinong e-Loan” product system, innovatively launched the “Yinong Quick Loan” standardized 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 5.6762 million, representing a net increase of 1.2547 million 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 the construction of “BOCOM On-cloud” remote video service facilities, and enhanced the integrated service capability of online and offline financial channels in county areas. As at the end of the Reporting Period, the balance of agriculture-related loans amounted to 833.373 billion, representing a net increase of 89.224 billion or an increase of 11.99% from the beginning of the year.

(II) Targeted Assistance

In strict implementation of the “four no-changes” requirements, the Bank stepped up the targeted assistance efforts for Tianzhu County in Gansu Province, Litang County in Sichuan Province (a national key county for rural revitalization), and Hunyuan County in Shanxi Province. The Bank strengthened the selection, rotation, and care of targeted assistance cadres, building a team of “leading geese” to guide formerly impoverished populations in advancing comprehensive rural revitalization.

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 improved the “full-chain” approach to industrial assistance, innovated assistance models, 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 Tibetan chicken breeding in Litang County. The Bank cultivated “new engines” for consumption-based assistance by carrying out special initiatives such as the “Spring Action” and “Golden Autumn Action”, launching online promotional campaigns on the credit card “Buy Now” platform, and organizing offline employee experience and exhibition events for agricultural products under the theme “Quality Rural Products, BOCOM Supporting Revitalization”. The Bank further strengthened the “golden brand” of financial assistance by deepening measures across financing, investment, trusts, and financial technology. Equity funds and charitable trusts achieved full coverage in Tianzhu County, Litang County, and Hunyuan County. The Bank provided accident and health insurance for village-based cadres and medical personnel in Hunyuan County, reinforcing basic protection. The functions of the “Smart Village Affairs” system were upgraded and replicated in other targeted assistance areas. A “financial service cabin” was established in Hunyuan County to promote the extension of financial services to rural areas and bridge the “last mile” of financial services. The Bank also advanced a “new leap” in education assistance by innovatively implementing the “Spark Plan”, extending training programs to more national key assistance counties.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Throughout the year, the Bank invested 26 million in non-repayable assistance funds, introduced 29.115 million in assistance funds (including non-repayable and repayable funds), achieved 41.1456 million in consumption-based assistance, trained 4,770 trainees from designated assistance counties, and maintained an loan balance of 454.7527 million, successfully fulfilling all targeted assistance tasks.

I. Financial Services for Rural Revitalization	<i>(in 100 million RMB)</i>
Agriculture-related loans	8,333.73
Net increase from the beginning of the year	892.24
Growth rate	11.99%
II. Amount of Investment in Targeted Assistance Counties	<i>(in 10 thousand RMB)</i>
1. Investment in non-repayable assistance funds	2,600
2. Loan balance	45,475.27
Growth rate	34%
3. Number of primary-level cadres, rural revitalization leaders and professionals trained	4,770
Growth rate	7.29%
4. Purchasing and assisting with the sale of agricultural products from targeted assistance areas	4,114.56
Growth rate	16.58%
5. Number of targeted assistance projects or enterprises introduced	8
Growth rate	14.28%
6. Amount of investment introduced through investment promotion	17,430
Growth rate	2.50%

Note: In the table, “targeted assistance” refers to the assistance activities carried out by the Bank in Tianzhu County of Gansu Province, Hunyuan County of Shanxi Province, and Litang County of Sichuan Province.

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 material¹¹ impact on operations. As at the end of the Reporting Period, the amount involved in outstanding litigation and arbitration proceedings in which the Group was a defendant was approximately 1.22 billion.

II. PENALTIES

During the Reporting Period, neither the Bank, nor any of directors or senior management were subject to any investigation by competent authorities, any enforcement measure by judiciary authorities, any transfer to the judiciary authorities for criminal responsibilities, 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, being taken administrative supervision measure by the CSRC or disciplinary sanctions by the stock exchange, and being subject to public sanctions by statutory or regulatory bodies.

III. INTEGRITY

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

IV. MAJOR RELATED PARTY TRANSACTIONS

(I) Major Related Party Transactions

During the Reporting Period, the Bank entered into significant related party transactions with Rong Kong United Finance Co., Ltd. (“**Rong Kong United**”), BOCOM Leasing Management Hong Kong Co., Ltd. (“**BOCOM Leasing Management**”) and BOCOM Leasing Development Hong Kong Co., Ltd. (“**BOCOM Leasing Development**”), which are related parties under the regulatory scope of the NFRA. The 21st meeting of the 10th 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 six 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 and that the requisite business review and approval procedures had been duly performed. In accordance with *the Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions* (Decree [2022] No. 1 of the China Banking and Insurance Regulatory Commission, hereinafter referred to as *Decree 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. The details are as follows:

¹¹ For the purposes of determining whether a matter “had a material impact”, reference is made to Article 19 of *Announcement on Promulgation of the Rules No. 26 on the Preparation of Information Disclosure by Companies Offering Securities to the Public – Special Rules on Information Disclosure by Commercial Banks*, 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

1. *Basic information on related parties*

① **Rong Kong United Finance**

Established in Hong Kong in February 2015, Rong Kong United Finance is indirectly wholly owned by BOCOM Financial Leasing Co., Ltd. ("**BOCOM Financial Leasing**"), a wholly-owned subsidiary of the Bank. The registered capital is 1 Hong Kong dollar, and the registered address is 18/F., 20 Pedder Street, Central, Hong Kong.

② **BOCOM Leasing Management**

Established in Hong Kong in October 2015, BOCOM Leasing Management is indirectly wholly owned by BOCOM Financial Leasing, a wholly-owned subsidiary of the Bank.

③ **BOCOM Leasing Development**

Established in Hong Kong in October 2015, BOCOM Leasing Development is indirectly wholly owned by BOCOM Financial Leasing, a wholly-owned subsidiary of the Bank.

2. *Related party transactions*

- (1) Pursuant to the resolution of the Board of Directors, the Bank and the Bank's offshore branches signed two loan contracts with Rong Kong United Finance on 31 March and 1 April 2025, respectively, with a total amount of USD2.5 billion. The expiration date of the above contracts falls on 30 April 2026, and the business term is not more than three years. The Bank signed a loan contract with Rong Kong United Finance on 12 May 2025, with a total amount of USD500 million. The expiration date of the above contract falls on 30 April 2026, and the business term is not more than three years. After the signing of the contracts, the cumulative transaction amounts reached the threshold for re-identification of major related party transactions under *Order No. 1*.
- (2) Pursuant to the resolution of the Board of Directors, the Bank's offshore branches signed six loan contracts with BOCOM Leasing Management on 27 March, 28 March, 31 March, and 1 April 2025, respectively, with a total amount of USD4.95 billion. The expiration date of the above contracts falls on 30 April 2026, and the business terms are not more than six months, three years and five years. The Bank and the Bank's offshore branches respectively signed two loan contracts with BOCOM Leasing Management on 12 May 2025, with a total amount of USD900 million. The expiration date of the above contracts falls on 30 April 2026, and the business period is not more than three years. After the signing of the contracts, the cumulative transaction amounts reached the threshold for re-identification of major related party transactions as stipulated in *Order No. 1*.

SIGNIFICANT EVENTS

- (3) Pursuant to the resolution of the Board of Directors, the Bank's offshore branches signed seven loan contracts with BOCOM Leasing Development on 27 March, 28 March, 31 March, and 1 April 2025, respectively, with a total amount of USD3.6 billion. The expiration dates of the above contracts fall on 5 March and 30 April 2026, respectively, and the business periods are not more than three years and five years. The Bank's offshore branches signed one loan contract with BOCOM Leasing Development on 12 May 2025, with a total amount of USD500 million. The expiration date of the above contract falls on 30 April 2026, and the business period is not more than three years. After the signing of the contracts, the cumulative transaction amounts reached the threshold for re-identification of major related party transactions as stipulated in *Order No. 1*.

The above transactions were conducted in accordance with the principle of market-based pricing. The pricing or quotation were no more favorable than those offered by the Bank to non-related parties of the same type and level, and were not lower than those for comparable transactions offered by peer financial institutions to the borrower or to other overseas financing platforms of BOCOM Financial Leasing.

(II) Uniform Trading Agreement

During the Reporting Period, the Bank did not enter into any new uniform trading agreement.

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 Bank'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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

For the Group's significant accounting policies and accounting estimates, please refer to "Note 2(3) to the Consolidated Financial Statements: Summary of significant accounting policies - Changes in accounting policies".

SIGNIFICANT EVENTS

VII. USE OF PROCEEDS RAISED

The proceeds were used for the purposes as disclosed in the prospectuses, namely, supplementing the Bank's core tier-1 capital to support future business development.

For the plan of the use of proceeds disclosed in the public disclosure documents such as prospectuses and offering prospectuses previously issued by the Bank, the implementation progresses are in line with the planning as described after verification and analysis.

During the Reporting Period, for the details of use of proceeds raised, please refer to the Bank's announcement dated 27 March 2026, *the Special Report on the Deposit, Management, and Actual Use of Funds Raised Through A-Shares to Specific Targets by Bank of Communications Co., Ltd.*

VIII. PERFORMANCE OF UNDERTAKINGS

Undertakings during or carried forward to the Reporting Period by shareholders of the Bank and other undertakings 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	5 years from the date when the equity in the A share issuance is acquired for the A shares subscribed under the issuance	Yes	Yes
			Undertaking on shareholding lock-up period of shareholders	June 2025	18 months from the date when the equity in the A share issuance is acquired for all shares of the Bank originally held	Yes	Yes
	Shares lock-up	CNTC	Undertaking on shareholding lock-up period of shareholders	June 2025	5 years from the date when the equity in the A share issuance is acquired for the A shares subscribed under the issuance	Yes	Yes
	Shares lock-up	CDIC	Undertaking on shareholding lock-up period of shareholders	June 2025	5 years from the date when the equity in the A share issuance is acquired for the A shares subscribed under the issuance	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.

SIGNIFICANT EVENTS

IX. COOPERATION WITH STRATEGIC INVESTORS

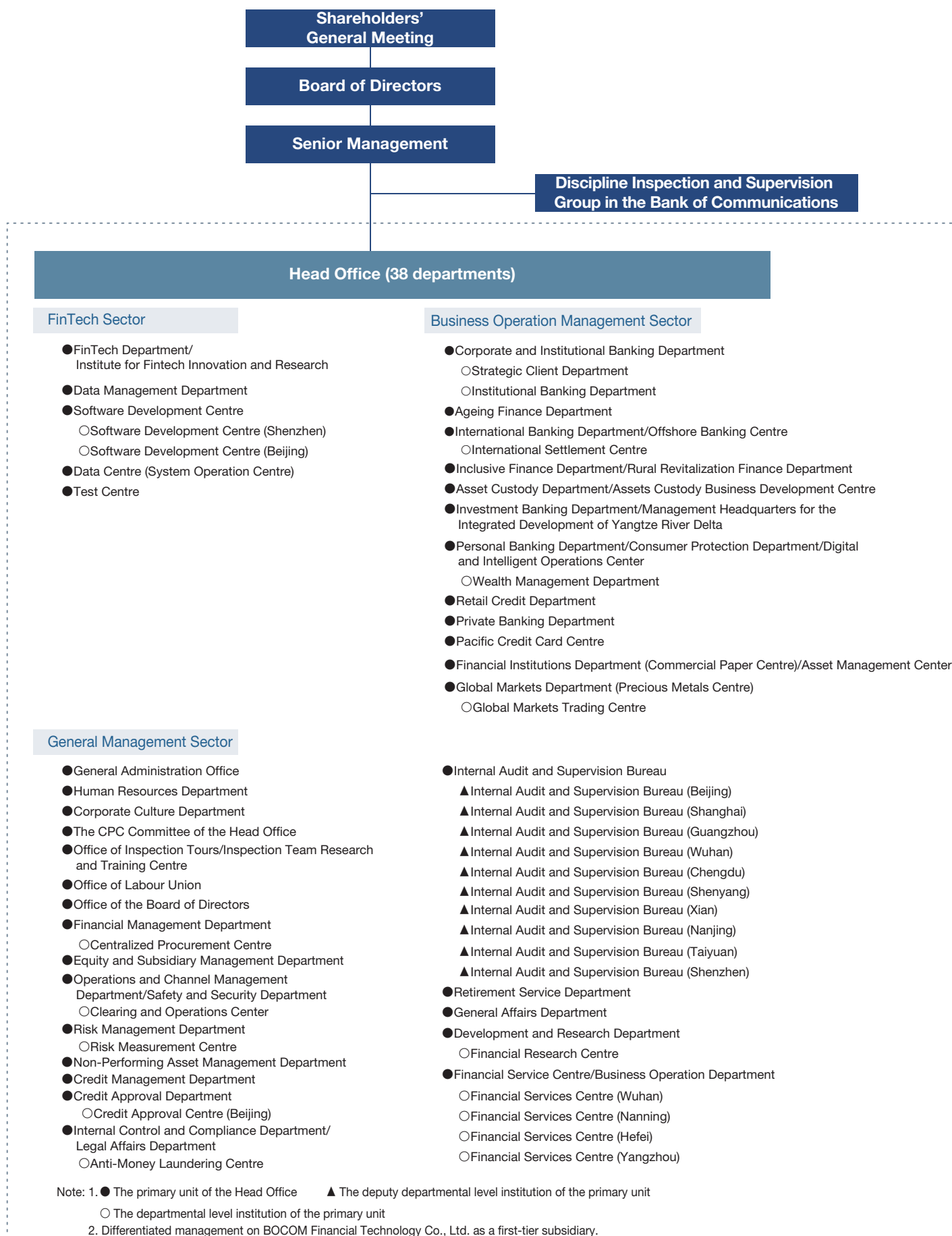
During the Reporting Period, CNTC and CDIC participated in the issuance of A shares by the Bank to specific targets as strategic investors and signed a strategic cooperation agreement with the Bank. The Bank established a work-related regular communication mechanism with CNTC and CDIC and held meetings among management from time to time. CNTC and CDIC, based on their positions as a strategic investor, kept a close eye on the development trend of the banking industry, and provided the Bank with reasonable and feasible opinions and suggestions on the Bank's development strategy, capital operation plan, dividend level, etc. The Bank, CNTC and CDIC, in adherence to the principle of "long-term cooperation, reciprocal benefit and mutual development", fully leveraged their advantages and actively sought long-term mutual strategic interests that complement each other. During the Reporting Period, the Bank, CNTC and CDIC earnestly fulfilled the relevant obligations under the strategic cooperation agreement and strengthened the bank-enterprise cooperation in the financial services of the industrial chain by leveraging their respective advantages.

X. OTHER SIGNIFICANT EVENTS

- (I) During the Reporting Period, the Bank issued 1 trillion of total loss-absorbing capacity non-capital bonds in the national inter-bank bond market. For related details, please refer to the announcement released by the Bank on 16 June, 23 July and 14 November 2025.
- (II) During the Reporting Period, the Bank redeemed RMB40.0 billion of tier-2 capital bonds issued in May 2020 in the national inter-bank bond market. For related details, please refer to the announcement released by the Bank on 21 May 2025.
- (III) During the Reporting Period, the Bank redeemed RMB30.0 billion of undated capital bonds issued in September 2020 in the national inter-bank bond market. For related details, please refer to the announcement released by the Bank on 25 September 2025.
- (IV) During the Reporting Period, the Bank redeemed RMB2.8 billion of undated capital bonds issued in November 2020 in the offshore bond market. For related details, please refer to the announcement released by the Bank on 18 November 2025.

The above announcements were published on the websites of the SSE (www.sse.com.cn) and Hong Kong Stock Exchange (www.hkexnews.hk).

ORGANIZATION CHART AND LIST OF INSTITUTIONS



ORGANIZATION CHART AND LIST OF INSTITUTIONS

Domestic Branches

38 provincial branches directly managed by the head office

217 branches managed by provinces

2,821 business outlets

Overseas Branches and Subsidiaries

Hong Kong Branch

Bank of Communications (Hong Kong) Limited

New York Branch

San Francisco Branch

Tokyo Branch

Singapore Branch

Seoul Branch

Frankfurt Branch

Macau Branch

Ho Chi Minh City Branch

Sydney Branch

Brisbane Branch

Melbourne Branch

Taipei Branch

London Branch

Toronto Representative Office

Luxembourg Branch

Bank of Communications (Luxembourg) S.A.

Bank of Communications (Luxembourg) S.A. Paris Branch

Bank of Communications (Luxembourg) S.A. Rome Branch

Banco BoCom BBM S.A.

Prague Branch

Johannesburg Branch

DIFC Branch

Major Holdings Companies

BOCOM Financial Technology Co., Ltd.

BOCOM International Trust Co., Ltd.

BOCOM Financial Leasing Co., Ltd.

BOCOM International Holdings Co., Ltd.

China BOCOM Insurance Co., Ltd.

BOCOM Financial Asset Investment Co., Ltd.

BOCOM Schroder Fund Management Co., Ltd.

BOCOM MSIG Life Insurance Co., Ltd.

BOCOM Wealth Management Co., Ltd.

Rural Banks

Zhejiang Anji BOCOM Rural Bank Co., Ltd.

Xinjiang Shihezi BOCOM Rural Bank Co., Ltd.

ORGANIZATION CHART AND 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 Avenue, 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

ORGANIZATION CHART AND LIST OF INSTITUTIONS

Region	Name	Address
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
	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

ORGANIZATION CHART AND LIST OF INSTITUTIONS

Region	Name	Address
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.

ORGANIZATION CHART AND 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	50 Raffles Place #18-01 Singapore Land Tower, Singapore 048623
Seoul Branch	6th DouZone Tower. #29, Eulji-ro, Jung-Gu, Seoul, 04523, Korea
Frankfurt Branch	Neue Mainzer Strasse 75, 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
Luxemburg Branch/Bank of Communications (Luxembourg) Co., Ltd.	7 Rue de la Chapelle, L-1325 Luxembourg, Luxembourg
Bank of Communications (Luxembourg) S.A. Paris Branch	90, Avenue des Champs-Élysées, 75008, 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, Rio de Janeiro, Brazil, 20220-460
Prague Branch	7th floor, RUSTONKA R2, Rohanske nabrezi 693/10, Prague 8, 186 00, 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

ORGANIZATION CHART AND LIST OF INSTITUTIONS

LIST OF MAJOR SUBSIDIARIES

Institution	Address
BOCOM Schroder Fund Management Co., Ltd.	21-23/F, Phase II, International Finance Centre, No. 8 Century Avenue, Pudong New District, Shanghai
BOCOM International Trust Co., Ltd.	No. 847 Jianshe Avenue, Wuhan
BOCOM Financial Leasing Co., Ltd.	No. 333 Lujiazui Ring Road, Pudong New District, 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
China BOCOM Insurance Co., Ltd.	No. 8 Cotton Tree Drive, Central, Hong Kong
BOCOM Financial Asset Investment Co., Ltd.	No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
BOCOM Wealth Management Co., Ltd.	5/F, 8-9/F, No. 333 Lujiazui Ring Road, Pudong New District, Shanghai
Zhejiang Anji BOCOM Rural Bank Co., Ltd.	Tower 1, Changshuo Square, Changshuo Street, Anji County, Huzhou City, Zhejiang Province
Xinjiang Shihezi BOCOM Rural Bank Co., Ltd.	No. 127 Dongyi Road, Shihezi, Xinjiang Uygur Autonomous Region Qingdao Laoshan

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bank of Communications Co., Ltd.

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

OPINION

We have audited the consolidated financial statements of Bank of Communications Co., Ltd. (the "Bank") and its subsidiaries (the "Group") set out on pages 173 to 309, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)****Expected credit impairment allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees***

Refer to the accounting policy in “Note 2(5)(a) Financial instrument – Impairment, Note 2(33)(a) Significant accounting estimates and judgements – Measurement of ECL”, and “Note 19 Loans and advances to customers, Note 20 Financial investments, Note 31(1) Other liabilities – impairment allowance of credit related commitments and financial guarantees, Note 9 Credit impairment losses, Note 3(1) Credit risk” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

The Group uses an expected credit loss (“ECL”) model to measure the loss allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees in accordance with IFRS 9, Financial instruments.

The determination of ECL allowance of loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees is subject to the application of a number of key parameters and assumptions, including the credit risk staging, probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Extensive management judgment is involved in the selection of those parameters and the application of the assumptions.

Our audit procedures to assess ECL allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees included the following:

- with the assistance of KPMG’s IT specialists, understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the credit approval, recording, monitoring, the credit risk staging, ECL model update and the measurement of ECL allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees.
- with the assistance of KPMG’s financial risk management specialists, assessing the appropriateness of the ECL model used to determine the loss allowances and the appropriateness of the key parameters and assumptions in the model, which included credit risk staging, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other adjustments, and assessing the appropriateness of related key management judgment.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)****Expected credit impairment allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees (Continued)***

Refer to the accounting policy in “Note 2(5)(a) Financial instrument – Impairment, Note 2(33)(a) Significant accounting estimates and judgements – Measurement of ECL”, and “Note 19 Loans and advances to customers, Note 20 Financial investments, Note 31(1) Other liabilities – impairment allowance of credit related commitments and financial guarantees, Note 9 Credit impairment losses, Note 3(1) Credit risk” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

The determination of the ECL allowance is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The ECL allowance for corporate loans and advances, financial investments at amortised cost, credit related commitments to corporates and financial guarantees are derived from estimates including historical losses, internal and external credit grading and other factors. The ECL allowance for personal loans and advances and credit related commitments to individuals are derived from estimates whereby management takes into consideration historical overdue data, historical loss experience and other factors.

- for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral. As part of these procedures, we inquired the reasons for management's revisions to estimates and input parameters, compared with prior period and considered the consistency of judgement.
- comparing the macroeconomic forward-looking information used in the model with market information to assess whether they were aligned with market and economic development.
- assessing the completeness and accuracy of key data used in the ECL model. For key internal data, we compared the total balance of the loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees used by management to assess the ECL allowance with the general ledger to check the completeness of the data. We also selected samples to compare information of individual loan and advance to customers, financial investment at amortised cost, credit related commitment and financial guarantee with the underlying agreements and other related documentation. In addition, we checked the accuracy of key external data used by management by comparing them with public sources.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)****Expected credit impairment allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees (Continued)***

Refer to the accounting policy in “Note 2(5)(a) Financial instrument – Impairment, Note 2(33)(a) Significant accounting estimates and judgements – Measurement of ECL”, and “Note 19 Loans and advances to customers, Note 20 Financial investments, Note 31(1) Other liabilities – impairment allowance of credit related commitments and financial guarantees, Note 9 Credit impairment losses, Note 3(1) Credit risk” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include the financial situation of the borrower, the guarantee type, the seniority of the claim, the recoverable amount of any collaterals, and repayment sources of the borrower. Management refers to valuation reports of collaterals issued by qualified third party valuers and considers the impact of various factors including the market price, status and use when assessing the value of collaterals. The enforceability, timing and means of realisation of the collateral also have an impact on the recoverable amount of the collateral.

- for key parameters used in the ECL model which were derived from system-generated internal data, assessing the accuracy of input data by comparing the input data with original documents on a sample basis. In addition, we involved KPMG's IT specialists to assess the logics and compilation of the loans and advances' overdue information on a sample basis.
- evaluating the reasonableness of management's assessment on whether the credit risk of loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees has, or has not, increased significantly since initial recognition and whether the mentioned financial instruments are credit-impaired. We assessed the staging of corporate loans and advances, financial investments at amortised cost, corporate credit related commitments and financial guarantees by industry sectors and used a risk-based approach to select samples in industries which are more vulnerable to the current economic situation and samples which met specific risk criteria. We checked overdue information, made enquiries of the client managers about the borrowers' business operations, inspected borrowers' financial information and researched about borrowers' businesses, to check the credit risk of the borrower, and the reasonableness of the risk stage.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)****Expected credit impairment allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees (Continued)***

Refer to the accounting policy in “Note 2(5)(a) Financial instrument – Impairment, Note 2(33)(a) Significant accounting estimates and judgements – Measurement of ECL”, and “Note 19 Loans and advances to customers, Note 20 Financial investments, Note 31(1) Other liabilities – impairment allowance of credit related commitments and financial guarantees, Note 9 Credit impairment losses, Note 3(1) Credit risk” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

We identified the measurement of ECL allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.

- evaluating the reasonableness of loss given default for credit-impaired corporate loans and advances, financial investments at amortised cost, corporate credit related commitments and financial guarantees. We selected samples to evaluate the recoverable amount by considering the financial situation of the borrower, the guarantee type, the seniority of the claim, the recoverable amount of collateral, and repayment sources of the borrower. Evaluating management’s assessment based on the category, condition and use of the collateral. For valuation reports of collateral issued by qualified third party valuers, we evaluated the competence, capabilities and objectivity of the external appraiser. We also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, considered the viability of the Group’s recovery plans.
- selecting samples and assessing the accuracy of the Group’s calculation on the ECL allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees.
- assessing the reasonableness of the disclosures in the financial statements in relation to the ECL allowance for loans and advances to customers, financial investments at amortised cost, credit related commitments and financial guarantees against prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)***Consolidation assessment of structured entities**

Refer to the accounting policy in “Note 2(4)(c) Structured entities, Note 2(33)(d) Significant accounting estimates and judgements – Consolidation of structured entities”, and “Note 42 Structured entities, Note 43 Unconsolidated structured entities” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

The Group may acquire an ownership interest in a structured entity, through initiating, managing and/or investing in trust investment plans, asset management plans, funds and wealth management products (“WMPs”).

The Group is required to consider the power it possesses, its exposure to variable returns, and its ability to use its power to affect returns to determine whether the Group retain any partial interests in a structured entity or should consolidate a structured entity. These factors are not purely quantitative and need to be considered collectively in the overall substance of the transactions.

Our audit procedures to assess the measurement of interests in and consolidation of structured entities included the following:

- assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over measurement of interests in and consolidation of structured entities.
- selecting significant structured entities of each key product type and performing the following procedures:
 - inspecting the related contracts, internal establishment documents and information disclosed to the investors to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management’s judgement over whether the Group has the ability to exercise power over the structured entity;
 - inspecting the risk and reward structure of the structured entity, including any capital or return guarantee, provision of liquidity support, commission paid and distribution of the returns, to assess management’s judgement as to the exposure, or rights, to variable returns from the Group’s involvement in such an entity;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)***Consolidation assessment of structured entities (Continued)**

Refer to the accounting policy in “Note 2(4)(c) Structured entities, Note 2(33)(d) Significant accounting estimates and judgements – Consolidation of structured entities”, and “Note 42 Structured entities, Note 43 Unconsolidated structured entities” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

We identified the recognition of interests in and consolidation of structured entities as a key audit matter because of the complex nature of certain of these structured entities and because of the judgement exercised by management in the qualitative assessment of the terms and the nature of each entity.

- inspecting management’s analysis of the structured entity, including qualitative analysis and the calculation of the magnitude and variability associated with the Group’s economic interests in the structured entity, to assess management’s judgement over the Group’s ability to affect its own returns from the structured entity;
- assessing management’s judgement over whether the structured entity should be consolidated or not.
- assessing the reasonableness of the disclosures in the financial statements in relation to the measurement of interests in and consolidation of structured entities against prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)***Valuation of financial assets measured at fair value classified as level 3**

Refer to the accounting policy in “Note 2(5) Financial instrument, Note 2(33)(b) Significant accounting estimates and judgements – Fair value of financial instruments”, and “Note 3(5) Fair value of financial assets and liabilities” to the consolidated financial statements.

The Key Audit Matter**How the matter was addressed in our audit**

Certain financial assets held by the Group, such as convertible bonds, unlisted equities, unlisted funds, certain trusts and asset management plans, etc., whose fair value are determined based on certain unobservable inputs, were classified by the Group as level 3 in fair value measurement.

Management determines the fair value of these financial assets using a variety of techniques. The valuation methods mainly include discounted cash flows and comparable company, involving various unobservable inputs such as objective company's cash flow, risk-adjusted discount rate, price to book value ratio, price to earning ratio and liquidity discounts, etc.

We identified valuation of financial assets measured at fair value classified as level 3 instruments' fair value as a key audit matter because of the amount of these financial assets are significant, and because of the degree of complexity involved in the valuation techniques and significant judgement is required to be exercised by management in determining the inputs used in the valuation models.

Our audit procedures to assess the valuation of financial assets measured at fair value classified as level 3 included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the application of valuation models and front office and back office reconciliations for financial assets measured at fair value classified as level 3.
- with the assistance of KPMG's financial risk management specialists and on a sample basis, obtaining an understanding of the valuation method used by management (including whether there is any change in the valuation method in this year) and assessing whether the valuation method selected is appropriate with reference to the prevailing accounting standards. Obtaining inputs independently and assessing the reasonableness of the inputs applied by management. Comparing our own valuation results with those of management.
- assessing the reasonableness of the disclosures in the consolidated financial statements in relation to financial assets measured at fair value classified as level 3 against prevailing accounting standards, including fair value hierarchy information, etc.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)*

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

Certified Public Accountants

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

27 March 2026

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

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

	Note	2025	2024
Interest income		419,447	451,712
Interest expense		(246,372)	(281,880)
Net interest income	4	173,075	169,832
Fee and commission income	5	42,713	40,918
Fee and commission expense	6	(4,530)	(4,004)
Net fee and commission income		38,183	36,914
Net gains/(losses) arising from trading activities	7	19,693	21,919
Net gains/(losses) arising from financial investments		4,563	1,949
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>		1,812	452
Net gains/(losses) on investments in associates and joint ventures		495	514
Other operating income	8	29,591	29,141
Net operating income		265,600	260,269
Credit impairment losses	9	(54,547)	(52,567)
Other assets impairment losses	10	(1,895)	(1,640)
Other operating expenses	11	(105,395)	(102,587)
Profit before tax		103,763	103,475
Income tax	14	(7,249)	(9,246)
Net profit for the year		96,514	94,229

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

For the year ended 31 December 2025

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

	Note	2025	2024
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		(4,317)	17,996
Amount reclassified to profit or loss		(2,154)	(1,456)
Expected credit losses of debt instruments measured at fair value through other comprehensive income			
Amount recognised in equity		(749)	(181)
Amount reclassified to profit or loss		-	-
Effective portion of gains or losses on hedging instruments in cash flow hedges			
Amount recognised in equity		(1,060)	946
Amount reclassified to profit or loss		965	(1,060)
Translation differences for foreign operations		(1,950)	976
Others		2,514	(7,647)
Subtotal		(6,751)	9,574
Items that will not be reclassified subsequently to profit or loss:			
Actuarial revaluation on pension benefits		2	(16)
Changes in fair value of equity investments designated at fair value through other comprehensive income		1,085	2,281
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss		217	(268)
Others		(136)	(168)
Subtotal		1,168	1,829
Other comprehensive income, net of tax	40	(5,583)	11,403
Total comprehensive income for the year		90,931	105,632
Net profit attributable to:			
Shareholders of the parent company		95,622	93,586
Non-controlling interests		892	643
		96,514	94,229
Total comprehensive income attributable to:			
Shareholders of the parent company		89,988	105,123
Non-controlling interests		943	509
		90,931	105,632
Basic and diluted earnings per share for profit attributable to holders of ordinary shares of the parent company (in RMB yuan)	15	1.08	1.16

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

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

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

	Note	As at 31 December 2025	As at 31 December 2024
ASSETS			
Cash and balances with central banks	16	701,847	717,354
Due from and placements with banks and other financial institutions	17	881,284	974,042
Derivative financial assets	18	43,736	100,375
Loans and advances to customers	19	8,898,768	8,351,131
Financial investments at fair value through profit or loss	20	600,609	656,152
Financial investments at amortised cost	20	2,701,622	2,581,793
Financial investments at fair value through other comprehensive income	20	1,225,683	1,082,144
Investments in associates and joint ventures	22	16,897	11,601
Property and equipment	23	246,926	238,949
Deferred tax assets	24	42,198	42,752
Other assets	25	188,818	144,424
Total assets		15,548,388	14,900,717
LIABILITIES AND EQUITY			
LIABILITIES			
Due to and placements from banks and other financial institutions	26	2,477,757	2,431,451
Financial liabilities at fair value through profit or loss	27	47,714	50,254
Derivative financial liabilities	18	36,998	85,473
Deposits from customers	28	9,307,815	8,800,335
Certificates of deposits issued	29	1,403,271	1,384,372
Income tax payable		5,142	8,056
Debt securities issued	30	692,085	691,248
Deferred tax liabilities	24	3,657	4,324
Other liabilities	31	293,667	289,607
Total liabilities		14,268,106	13,745,120
EQUITY			
Share capital	32	88,364	74,263
Other equity instruments	33	126,450	174,796
<i>Including: Preference shares</i>		<i>44,952</i>	<i>44,952</i>
<i>Perpetual bonds</i>		<i>81,498</i>	<i>129,844</i>
Capital surplus	32	215,762	111,420
Other reserves	34	453,084	435,562
Retained earnings	34	385,572	348,265
Equity attributable to shareholders of the parent company		1,269,232	1,144,306
Equity attributable to non-controlling interests of ordinary shares		8,350	7,706
Equity attributable to non-controlling interests of other equity instruments		2,700	3,585
Non-controlling interests	36	11,050	11,291
Total equity		1,280,282	1,155,597
Total equity and liabilities		15,548,388	14,900,717

The consolidated financial statements were approved and authorised for issuance by the Board of Directors on 27 March 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 consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

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

	Equity attributable to shareholders of the parent company										Non-controlling interests		Total				
	Other equity instruments					Other reserves					Attributable to ordinary shares			Attributable to other equity instruments			
	Share capital	Preference Share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus reserve	Statutory general reserve	Revaluation reserve for the changes in credit risk of the 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	Revaluation reserve for the changes in credit risk of the financial assets at fair value through other comprehensive income	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total
	Note 32	Note 33	Note 33	Note 32	Note 34	Note 34	Note 34					Notes 34,35	Notes 34,35			Note 33	
As at 1 January 2025	74,263	44,952	129,844	111,420	106,014	140,545	173,176	17,289	33	(25)	4,165	(5,531)	348,265	1,144,306	7,706	3,585	1,155,597
Total comprehensive income	-	-	-	-	-	-	-	(5,283)	217	(95)	(1,974)	1,499	95,622	89,988	876	67	90,931
Capital contribution by ordinary shareholders	14,101	-	-	105,839	-	-	-	-	-	-	-	-	-	119,940	-	-	119,940
Capital contribution and reduction by other equity instruments holders	-	-	(48,346)	(1,492)	-	-	-	-	-	-	-	-	(16)	(49,854)	-	(885)	(50,739)
Dividends paid to ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	(28,441)	(28,441)	(122)	-	(28,563)
Dividends paid to preference shares	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	(4,870)	(4,870)	-	-	(4,870)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	346	14,425	-	-	-	-	-	-	-	-	(67)	(67)
Transfer to reserves	-	-	-	-	8,640	-	-	-	-	-	-	-	(23,411)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	(248)	-	-	-	(7)	255	-	-	-	-
Others	-	-	-	(5)	-	-	-	-	-	-	-	-	-	(5)	(110)	-	(115)
As at 31 December 2025	88,364	44,952	81,498	215,762	114,654	140,891	187,601	11,758	250	(120)	2,191	(4,039)	385,572	1,265,232	8,350	2,700	1,280,282

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2024

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

	Equity attributable to shareholders of the parent company														Non-controlling interests			
	Other equity instruments										Other reserves				Attributable to ordinary shares		Attributable to other equity instruments	
	Share capital	Preference Share	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary surplus	Statutory general reserve	Revaluation reserve for the changes in credit risk of the financial assets at fair value through other comprehensive income	Revaluation reserve for the changes in credit risk of the financial liabilities designated at fair value through profit or loss	Effective portion of gains or losses on hedging instruments in cash flow hedges	Translation differences for foreign operations	Actuarial changes reserve	Others	Retained earnings	Attributable to the shareholders of the parent company	Attributable to ordinary shares	Attributable to other equity instruments	Total
Note 32	Note 33	Note 33	Note 32	Note 34	Note 34	Note 34	Note 34	Note 34	Note 34	Note 34	Note 34	Note 34	Notes 34,35	Note 33	Note 33	Note 33	Note 33	
As at 1 January 2024	74,263	44,952	129,838	111,428	97,227	140,399	159,063	1,277	301	84	3,214	(62)	(62)	326,744	1,086,030	7,912	3,508	1,089,450
Total comprehensive income	-	-	-	-	-	-	-	15,848	(269)	(109)	951	(16)	(16)	93,586	105,123	300	209	105,632
Capital contribution and reduction by other equity instruments holders	-	-	6	(8)	-	-	-	-	-	-	-	-	-	-	(2)	-	-	(2)
Dividends paid to ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,365)	(41,365)	(177)	-	(41,542)
Dividends paid to preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	-	-	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,632)	(5,632)	-	-	(5,632)
Interest paid to non-cumulative subordinated additional tier-1 capital securities holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(132)	(132)
Transfer to reserves	-	-	-	-	8,787	162	14,123	-	-	-	-	-	-	(23,072)	-	-	-	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	164	-	-	-	-	-	(164)	-	-	-	-
Others	-	-	-	-	-	(16)	-	-	-	-	-	-	-	-	(16)	(329)	-	(345)
As at 31 December 2024	74,263	44,952	129,844	111,420	106,014	140,545	173,176	17,289	33	(25)	4,165	(104)	(5,531)	348,265	1,144,306	7,706	3,585	1,155,597

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

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

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

	Note	2025	2024
Cash flows from operating activities:			
Profit before tax:		103,763	103,475
Adjustments for:			
Provision for credit impairment losses		54,547	52,567
Provision for other assets impairment losses		1,895	1,640
Depreciation and amortisation		20,013	19,372
Provision for outstanding litigations		(98)	(95)
Net gains on the disposal of property, equipment and other assets		(957)	(878)
Interest income from financial investments		(112,901)	(112,038)
Net (gains)/losses on fair value and foreign exchange		(4,920)	(934)
Net (gains)/losses on investments in associates and joint ventures		(495)	(514)
Net (gains)/losses on financial investments		(4,389)	(1,708)
Interest expense on debt securities issued		17,864	16,650
Interest expense on lease liabilities		169	179
Operating cash flows before movements in operating assets and liabilities		74,491	77,716
Net decrease in balances with central banks		762	56,165
Net decrease/(increase) in due from and placements with banks and other financial institutions		67,492	(105,113)
Net increase in loans and advances to customers		(608,715)	(630,140)
Net decrease/(increase) in financial assets at fair value through profit or loss		66,774	(10,613)
Net increase in other assets		(45,221)	(50,728)
Net increase in due to and placements from banks and other financial institutions		36,617	12,172
Net increase/(decrease) in financial liabilities at fair value through profit or loss		9,626	(3,366)
Net increase in deposits from customers and certificates of deposits issued		540,981	579,143
Net (decrease)/increase in other liabilities		(930)	26,381
Net (decrease)/increase in value-added tax and other taxes payable		(587)	1,246
Income tax paid		(8,849)	(10,211)
Net cash flows generated from/(used in) operating activities		132,441	(57,348)

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2025

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

	Note	2025	2024
Cash flows from investing activities:			
Cash payment for investment in subsidiaries, associated ventures and joint ventures		(4,898)	(2,169)
Cash payments for financial investments		(1,183,397)	(1,211,896)
Cash received on disposal or redemption of financial investments		925,435	1,038,694
Dividends received		1,112	757
Interest received from financial investments		111,846	113,225
Acquisition of intangible assets and other assets		(2,707)	(1,565)
Cash received from the sale of intangible assets and other assets		67	15
Acquisition of property, equipment		(40,490)	(40,610)
Cash received from disposal of property, equipment		12,560	5,805
Cash paid for other investing activities		–	(345)
Net cash flows generated from/(used in) investing activities		(180,472)	(98,089)
Cash flows from financing activities:			
Cash received from issuing ordinary shares		120,000	–
Proceeds from issue of debt securities		168,259	204,650
Proceeds from issue of other equity instruments		2,700	40,000
Repayment of principals of debt securities issued		(164,690)	(107,244)
Payment of interest on debt securities		(18,255)	(16,873)
Payment of repurchase of other equity instruments		(53,439)	(40,000)
Payment of issuance of other equity instruments		–	(2)
Repayment of principal and interest of lease liabilities		(2,328)	(2,378)
Dividends paid		(39,058)	(35,309)
Dividends paid to non-controlling interests		(91)	(324)
Cash paid for the issuance of ordinary shares		(30)	–
Cash paid for other financing activities		(116)	–
Net cash flows generated from/(used in) financing activities		12,952	42,520
Effect of exchange rate changes on cash and cash equivalents		(409)	(594)
Net changes in cash and cash equivalents		(35,488)	(113,511)
Cash and cash equivalents at the beginning of the year		161,950	275,461
Cash and cash equivalents at the end of the year	41	126,462	161,950
Net cash flows from operating activities include:			
Interest received		312,665	345,927
Interest paid		(232,298)	(253,112)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirement of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(2) Basis of preparation of the financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property which are measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2(33).

The financial statements are presented in RMB, rounded to the nearest million, which is the functional currency of the Group.

(3) Changes in accounting policies

(a) Standards and amendments effective in 2025 relevant to and adopted by the Group

In the current reporting period, the Group has adopted the following amendment issued by the IASB, that are mandatorily effective for the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(3) Changes in accounting policies** (Continued)**(a) Standards and amendments effective in 2025 relevant to and adopted by the Group** (Continued)

		Notes
Amendments to IAS 21	Lack of exchangeability	(i)

(i) Amendments to IAS 21: Lack of exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.

Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The adoption of this amendment does not have a significant impact on the financial position or comprehensive income of the Group.

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

The Group has not adopted the following new or amended standards and interpretations 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
Amendments to IFRS 7 and IFRS 9	Classification and measurement of financial assets	1 January 2026	(i)
Amendments to IFRS 7 and IFRS 9	Contracts referencing nature-dependent electricity	1 January 2026	(i)
Annual improvements to IFRS Accounting Standards	Volume 11	1 January 2026	(ii)
IFRS 18	Presentation and disclosure in financial statements	1 January 2027	(iii)
IFRS 19	Subsidiaries without public accountability: Disclosures	1 January 2027	(iv)
Amendments to IAS 21	Translation of presentation currency in hyperinflationary economies	1 January 2027	(v)
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an Investor and its associate or joint venture	The effective date has now been deferred.	(vi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(3) 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)

(i) Amendments to IFRS 7 and IFRS 9: Classification and measurement of financial assets and Contracts referencing nature-dependent electricity

The amendments on May 2024 concerned the requirements of classification and measurement of financial assets. The amendments include clarification on the classification of financial assets with ESG and slimier features, new requirements on settlement of financial liabilities through electronic payment system and additional disclosure requirements regarding investment in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments on December 2024 targeted contracts referencing nature-dependent electricity. The amendments include guidance on clarifying the application of the “own-use” requirements, permitting hedge accounting if these contracts are used as hedging instruments and adding new disclosure requirements for specific power purchase agreements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

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

(ii) Annual improvements to IFRS Accounting Standards – Volume 11

On 18 July 2024, the IASB published the Annual Improvements to IFRS Accounting Standards Volume 11 which contains narrow amendments to IFRS Accounting Standards and accompanying guidance as part of its regular maintenance of the Standards.

The amended standards and guidance are:

- IFRS 1 First time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted.

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

(iii) IFRS 18: Presentation and Disclosure in Financial Statements

On April 2024, the IASB published its new standard IFRS 18: Presentation and Disclosure in Financial Statements. The main changes in IFRS 18 compared with the previous requirements in IAS 1 comprise a more structured income statement, disclosures on management defined performance measures and enhanced aggregation and disaggregation of information etc.

The Group has not completed its assessment of the impact on the Group’s consolidated financial statements of adopting IFRS 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(3) 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 19: Subsidiaries without public accountability: Disclosures*

On 9 May 2024, the IASB issued a new IFRS Accounting Standard-IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements.

A subsidiary may elect to apply IFRS 19 in its consolidated, separate or individual financial statements provided that, at the reporting date: it does not have public accountability; and its parent produces consolidated financial statements that are available for public use under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

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

(v) Amendments to IFRS 21: Translation of presentation currency in hyperinflationary economies

To reduce diversity in practice and improve the usefulness of information for investors, the International Accounting Standards Board (IASB) has amended IAS 21 The Effects of Changes in Foreign Exchange Rates to clarify that:

A company with a non-hyperinflationary functional currency uses the closing rate at the latest reporting date when translating all the financial statement amounts (including comparatives) into its presentation currency; and

A company uses the closing rate at the latest reporting date when translating all amounts (except comparatives) of a foreign operation with a non-hyperinflationary functional currency and applies the general price index to restate the comparatives.

The amendments are effective for annual periods beginning on or after 1 January 2027, and shall be applied retrospectively, with earlier application permitted.

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

(vi) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(4) Consolidation

(a) Subsidiary undertakings

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities) controlled by the Bank and its subsidiaries. Control is achieved when the Bank:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are not consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred in a business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are recognised in the consolidated income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition – date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the identifiable net assets of the acquiree in the case of a bargain purchase, the difference is recognised in profit or loss.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

For acquisition of additional interests in subsidiaries from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loses control of a subsidiary due to the disposal of a portion of an equity investment, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive are reclassified to profit or loss and retained earning.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(4) Consolidation** *(Continued)***(c) Structured entities**

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entities, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. Structured entities often have restricted activities and a narrow and well-defined objective. Examples of structured entities include investment funds, trusts, securitisation vehicles and asset backed financings. Involvement with consolidated and unconsolidated structured entities is disclosed in Notes 42 and 43.

(d) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement through a separate entity, and have rights to the net assets of the arrangement based on legal form, contract terms, and other facts and circumstances. Joint control is the contractually agreed sharing of control over an activity, and exists only when the decisions relating to the activity require the unanimous consent of the Group and other parties sharing the control.

The results of an associate or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, is recognised immediately in profit or loss.

At the end of reporting period, the Group assesses whether there is an indication of possible impairment with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested as a single asset for impairment in accordance with IAS 36 "Impairment of assets" by comparing its recoverable amount (the higher of value in use and fair value less costs of sale) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate or joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised only to the extent of interests in the associate or joint venture that are not related to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(4) Consolidation *(Continued)*

(e) Goodwill

Goodwill represents the excess of the consideration transferred, after taking into account deferred tax impact, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets. Goodwill is not amortised. Goodwill arising from a business combination is allocated to each cash-generating unit (“CGU”) or group of CGUs, that is expected to benefit from the synergies of the combination. The Group performs an impairment test on goodwill at least once a year.

On disposal of the related CGU or group of CGUs, any attributable amount of goodwill net of allowances for impairment losses, if any, is included in the calculation of the profit or loss on disposal.

(5) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss for the period. Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income, which results in an accounting loss being recognised in profit or loss for the period when an asset is newly originated.

The method of determining fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date. For financial instruments with active markets, the Group uses quotations from active markets to determine their fair value, and for financial instruments where there is no active market, the Group uses valuation techniques to determine its fair value. Valuation techniques include references to prices used in recent market transactions by parties familiar with the situation and voluntary transactions, the current fair value of other financial instruments with reference to the same substantially, the discounted cash flow method and the option pricing model.

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired financial assets – assets that are credit-impaired at initial recognition – the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(5) Financial instruments** *(Continued)***Measurement methods** *(Continued)***Amortised cost and effective interest rate** *(Continued)*

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(a) Financial assets**Classification and subsequent measurement**

The Group has classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured from these financial assets. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in 'Net gains arising from financial investments'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on the debt investment, which is measured at FVTPL and is not part of a hedging relationship, is recognised in profit or loss and presented as 'Net gains arising from trading activities'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(5) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

Classification and subsequent measurement (Continued)

Debt instruments (Continued)

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

When, and only when, the Group changes the business model for managing its financial assets, shall it reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (refer to Note 2(22)); that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to sell. When this election is used, fair value gains or losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as 'Net gains/(losses) arising from financial investments' when the Group's right to receive payments is established.

Gains or losses on equity investments at FVTPL are recognised as 'Net gains/(losses) arising from trading activities'.

Impairment

On a forward-looking basis, the Group assesses the expected credit losses ('ECL') of debt instrument assets at amortised cost and FVOCI, exposures arising from credit related commitments and financial guarantees. The Group recognises a loss allowance accordingly at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(5) Financial instruments** *(Continued)***(a) Financial assets** *(Continued)**Classification and subsequent measurement (Continued)*Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value, discounted at effective interest rate or the credit-adjusted effective interest rate on purchased or originated credit-impaired financial assets, of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

The Group classifies financial instruments into three stages and makes provisions for expected credit losses accordingly, depending on whether credit risk on a financial instrument has increased significantly since initial recognition, whether a financial instrument is credit-impaired.

The definition of financial instruments three stages as follows:

Stage 1: Financial instruments without significant increase in credit risk since initial recognition. For these assets, expected credit losses are recognised for the following 12 months.

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, expected credit losses are recognised for the remaining lifetime if there is no objective evidence of impairment.

Stage 3: For financial assets with objective evidence of impairment as at the balance sheet date, expected credit losses are recognised for the remaining lifetime.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(5) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

Presentation of allowance for ECL

ECLs are remeasured at the end of each reporting period to reflect changes in the financial instruments' credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income. The Group recognises loss allowances for loan commitments and financial guarantee contracts that are not measured at FVTPL in contingent liabilities. (See Note 31(1)).

Write-off

The book value of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(5) Financial instruments** *(Continued)***(a) Financial assets** *(Continued)**Modification of loans (Continued)*

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

The Group derecognizes the financial asset when one of the following conditions is met:

- The contractual right to receive cash flows from the financial asset is terminated;
- The financial asset has been transferred, and the Group has transferred almost all of the risks and rewards of ownership of the financial asset;
- The financial asset has been transferred, and the Group has neither transferred nor retained almost all of the risks and rewards of ownership of the financial asset, it has not retained control over the financial asset.

If the financial asset has been transferred, and the Group has neither transferred nor retained almost all of the risks and rewards of ownership of the financial asset, and has retained control over the financial asset, the Group recognizes the relevant financial asset to the extent of its continued involvement in the transferred financial asset, and recognizes the corresponding liability.

The transfer of financial assets by the Group includes the following two scenarios:

- (i) The Group transfers the contractual right to receive cash flows from the financial asset to another party;
- (ii) The Group retains the contractual right to receive cash flows from the financial asset, but assumes the contractual obligation to pay the received cash flows to the ultimate payee, and at the same time meets the following “pass-through” arrangements:
 - The Group is only obligated to pay the cash flows to the ultimate payee when it receives equivalent cash flows from the financial asset;
 - The transfer contract prohibits the Group from selling or pledging the financial asset, but the Group can use it as a guarantee for its obligation to pay cash flows to the ultimate payee; and
 - The Group is obligated to promptly transfer all cash flows received on behalf of the ultimate payee to the ultimate payee without significant delay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(5) Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

Derecognition other than on a modification (Continued)

The Group allocates the carrying amount of the entire financial asset before transfer between the derecognized portion and the continued recognition portion, based on their respective relative fair values on the transfer date, and recognizes the difference between the following two amounts in profit or loss for the current period:

- The carrying amount of the derecognized portion on the derecognition date;
- The sum of the consideration received for the derecognized portion and the amount of the accumulated fair value changes that were originally directly recognized in other comprehensive income and correspond to the derecognized portion (determined by allocating the accumulated amount based on the relative fair values of the derecognized portion and the continued recognition portion of the financial asset).

(b) Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as liabilities measured at amortised cost, except for:

- Financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial asset did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; when continuing involvement approach applies, see note 2(5)(a); and
- Credit related commitments and financial guarantees (refer to Note 2(30)).

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(5) Financial instruments** *(Continued)***(c) Derivative financial instruments and hedge accounting**

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the hybrid (combined) instrument vary in a way similar to a stand-alone derivative. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

- The economic characteristics and risks are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative; and
- The hybrid contract is not measured at fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated and qualifies as a hedging instrument, and if so, the nature of the item being hedged. For derivatives not designated or qualified as hedging instruments, including those intended to provide effective economic hedges of specific interest rate and foreign exchange risks, but do not qualify for hedge accounting, changes in the fair value of these derivatives are recognised in “Net trading gains” in the income statement.

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment of hedging effectiveness both at hedge inception and on an ongoing basis, that is, the extent to which changes in the fair value or cash flow of the hedge instrument can offset the changes in fair values or cash flows of hedged items resulting from the hedge risk.

The hedging relationship should meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument. That means the hedging instrument and hedged item have values that generally move in the opposite direction because of the same risk, which is the hedged risk;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(5) Financial instruments *(Continued)*

(c) Derivative financial instruments and hedge accounting *(Continued)*

Possible sources of ineffectiveness are as follows:

- Increase or decrease in the amounts of hedged items or hedging instruments;
- Significant changes in counterparties' credit risk.

The Group discontinues hedge accounting prospectively when the hedging instrument expires or is sold, terminated or exercised (the replacement or rollover of a hedging instrument into another hedging instrument does not constitute an expiration or termination), or the hedging relationship ceases to meet the risk management objective, or to meet other qualifying criteria for hedging accounting.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

(i) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognised, the unamortised adjustment to carrying amount is recorded in profit or loss.

(ii) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss.

Amounts accumulated in equity are recycled to the statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

When the hedging relationship ceases to meet the qualifying criteria, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the periods when the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur (for example, the recognised hedged asset is disposed of), the cumulative gain or loss previously recognised in other comprehensive income is immediately reclassified to the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(5) Financial instruments** *(Continued)***(d) Offsetting financial assets and financial liabilities**

When the Group has a currently enforceable legal right to offset recognised financial assets and financial liabilities, and intends either to settle on a net basis or to realise the financial asset and settle the financial liability at the same time, the financial assets and liabilities are offset with the net amount presented in the consolidated statement of financial position. Otherwise, financial assets and financial liabilities are presented separately. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(6) Interest income and expense

The “Interest income” and “Interest expense” in the Group’s income statement are the interest income and expense calculated by using the effective interest method on debt investment at amortised cost, debt investment at fair value through other comprehensive income and financial liabilities at amortised cost, etc.

For those purchased or originated credit-impaired financial assets, the Group calculates the interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. For those financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, the Group calculates the interest income by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

(7) Fee and commission income

Fee and commission income is recognised when the Group fulfills its performance obligation, either over time or at a point in time when a customer obtains control of the service.

For the performance obligations satisfied at a point in time, the Group recognises revenue when control is passed to the customer at a certain point in time. For the performance obligations satisfied over time, the Group recognises revenue according to the progress toward satisfaction of the obligation over the time.

(8) Dividend income

Dividends are recognised when the right to receive the dividends is established.

(9) Assets transferred under repurchase agreements**(a) Financial assets sold under repurchase agreements**

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date at a fixed or determinable price are not derecognised in the statement of financial position. The proceeds from selling such assets are presented under “due to banks and other financial institutions” in the statement of financial position. The difference between the selling price and repurchasing price is recognised as interest expense during the term of the agreement using the effective interest method.

(b) Financial assets purchased under repurchase agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognised in the statement of financial position. The cost of purchasing such assets is presented under “due from banks and other financial institutions” in the statement of financial position. The difference between the purchasing price and reselling price is recognised as interest income during the term of the agreement using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(9) Assets transferred under repurchase agreements** (Continued)**(c) Securities lending**

Securities lending transactions are generally secured, with collateral taking the form of securities or cash. Securities lent to counterparties by the Group are recorded in the consolidated financial statements. Securities borrowed from counterparties by the Group are not recognised in the consolidated financial statements of the Group. Cash collateral received or advanced is recognised as a liability or an asset in the consolidated financial statements.

(10) Precious metals

Precious metals include gold, silver, and other valuable metals. Precious metals that are not related to the Group's trading activities are initially measured at acquisition cost and subsequently measured at the lower of cost and net realisable value. Precious metals that are related to the Group's trading activities are initially and subsequently recognised at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the period in which they arise.

(11) Property and equipment

The Group's property and equipment mainly comprise buildings, construction in progress, equipment and transportation equipment.

The assets purchased or constructed are initially measured at acquisition cost.

Subsequent expenditures incurred for the property and equipment are included in the cost of the property and equipment if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Depreciation is calculated on a straight-line basis to write down the cost of such assets to their residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each financial reporting date.

Buildings comprise primarily office premises. The estimated useful lives, depreciation rate and estimated residual value rate of buildings, equipment, transportation equipment and equipment under operating leases are as follows:

Type of assets	Estimated useful lives	Estimated net residual value	Annual depreciation rate
Buildings	25 – 50 years	3%	1.94% – 3.88%
All types of equipment	3 – 11 years	3%	8.82%-32.33%
Transportation equipment (excluding equipment under operating leases)	4 – 8 years	3%	12.13% – 24.25%
Equipment under operating leases	3 – 30 years	0% – 15%	3.40% – 30.00%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a property and equipment when it is ready for intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(11) Property and equipment** *(Continued)*

Equipment under operating leases where the Group is the lessor is aircraft and vessel etc.. The estimated useful lives and depreciation rate are determined considering their conditions and the estimated residual values are determined by external appraiser using historical data on an item-by-item basis.

(12) Foreclosed assets

The Group's foreclosed financial assets are initially recognised at fair value. The foreclosed non-financial assets are initially recognised at the fair value of the relinquished claims and other costs directly attributable to the asset, such as taxes, and subsequently measured at the lower of the cost of the debt paying assets and the net realizable value. When the net realizable value is lower than the cost of the debt paying assets, an impairment provision is recognised.

When a is disposed, the difference between the disposal proceeds and the carrying amount is recognised in current profit or loss.

Foreclosed non-financial assets of the Group mainly include buildings and land use rights.

(13) Land use rights

Land use rights are classified as other assets and amortised using the straight-line method over the lease term.

(14) Intangible assets

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of each reporting period, and makes adjustments when necessary.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(15) Investment property

Investment property is a property held to earn rentals or for capital appreciation or both and initially measured at cost.

As there is an active property market in the location in which the Group's investment property is situated, and the Group can obtain the market price and other relevant information regarding the same or similar type of property from the property market so as to reasonably estimate the fair value of the investment property; therefore, the Group uses the fair value model for subsequent measurement of the investment property, with changes in the fair value included in profit or loss for the period in which they arise.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(16) Impairment of assets

The Group determines the impairment of assets, other than the impairment of deferred tax assets and financial assets, with the following methods:

The Group assesses at the balance sheet date whether there is any indication that assets may be impaired. If any indication that an asset may be impaired exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired and it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount based on the CGU to which the asset belongs.

CGU is the smallest identifiable group of assets, and the cash inflows generated by a CGU are largely independent from other assets or groups of assets.

The recoverable amount of an asset (or CGU, group of CGUs) is the higher of its fair value less costs to sell and the present value of the expected future cash flows. The Group considers all relevant factors in estimating the present value of future cash flows, such as the expected future cash flows, the useful life and the discount rate.

(a) Testing CGU with goodwill for impairment

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or group of CGUs that is expected to benefit from the synergies of the combination.

A CGU or group of CGUs to which goodwill has been allocated is tested for impairment by the Group at least annually, or whenever there is an indication that the CGU or group of CGUs are impaired, by comparing the carrying amount of the CGU or group of CGUs, including the goodwill, with the recoverable amount of the CGU or group of CGUs. The recoverable amount of the CGU or group of CGUs are the estimated future cash flows, which are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or group of CGUs with allocated goodwill.

At the time of impairment testing of a CGU or group of CGUs to which goodwill has been allocated, there may be an indication of an impairment of an asset within the CGU containing the goodwill. Under such circumstances, the Group tests the asset for impairment first, and recognises any impairment loss for that asset before testing for impairment on the CGU or group of CGUs containing the goodwill. Similarly, there may be an indication of an impairment of a CGU within a group of CGUs containing the goodwill. Under such circumstances, the Group tests the CGU for impairment first, and recognises any impairment loss for that CGU, before testing for impairment the group of CGUs to which the goodwill is allocated.

(b) Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to the profit or loss.

For a CGU or a group of CGUs, the amount of impairment loss firstly reduces the carrying amount of any goodwill allocated to the CGU or group of CGUs, and then reduces the carrying amount of other assets (other than goodwill) within the CGU or group of CGUs, pro rata on the basis of the carrying amount of each asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(16) Impairment of assets** *(Continued)***(c) Reversing an impairment loss**

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

An impairment loss in respect of goodwill is not reversed.

(17) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

(a) The Group as Lessee

The Group recognises the right-of-use asset on the start date of the lease term and recognises the lease liability at the present value of the remaining lease payments. The lease payments include fixed payments and payments to be made when it is reasonably determined to exercise purchase option or terminate lease option. Variable rent determined based on a certain proportion of sales is not included in the lease payments and is recognised in profit or loss when incurred.

The Group's right-of-use assets include leased properties, venues, parking lots, advertising spaces, vehicles and equipment etc.. The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, the lease payments already paid on or before the lease start date, the initial direct costs etc., and deducts any lease incentives received. The leased asset is depreciated on a straight-line basis over its remaining useful life if the Group could reasonably determine to obtain the ownership at the expiration of the lease term; if it is unsure whether the ownership of the leased asset can be obtained at the expiration of the lease term, the right-of-use asset is depreciated over the shorter of its remaining useful life and the lease term on a straight-line basis. When the recoverable value is lower than the book value of the right-of-use asset, the Group reduces the book value to the recoverable value.

For short-term leases with a lease term shorter than 12 months and leases of asset with low value when it is new, the Group recognises relevant rental expenses on a straight-line basis in profit or loss or in the related asset costs in each lease period rather than recognising the right-of-use assets or lease liabilities.

The Group accounts for a modification to a finance lease as a separate lease if both:(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Group remeasures the lease term and the lease liability by discounting the revised lease payments using a revised discount rate. The Group decreases the carrying amount of the right-of-use asset for lease modifications that decrease the scope or term of the lease, and recognised the gain or loss relating to the partial or full termination of the lease in profit or loss. The Group makes a corresponding adjustment to the right-of-use asset for all other lease modifications.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(17) Leases *(Continued)*

(b) The Group as Lessor

Operating Lease

When the Group leases out its own buildings and properties, equipment and transportation vehicles, the rental income arising from operating leases is recognised on a straight-line basis over the lease term. Variable rent gained by the Group is recognised in rental income when incurred.

Finance Lease

As lessor of the finance lease, the Group recognises the finance lease receivables for the finance lease on the commencement date of the lease period and derecognises the related assets. Finance lease receivables are recognised at the net lease investment to “Loans and advances to customers” for the initial measurement. The net lease investment is the sum of the unsecured residual value and the present value of the lease payments unreceived at the commencement date of the lease period discounted at the interest rate implicit in lease.

Finance lease receivables are derecognised when the contractual rights of receiving cash from the finance lease receivables have expired or have been transferred and all substantial risks and rewards regarding the lease have been transferred.

During the lease period, the lessor applies the fixed periodic interest rate to calculate the interest income for each period. Contingent rentals are recognised in profit or loss when incurred.

(18) Cash and cash equivalents

Cash and cash equivalents are short-term and highly liquid assets, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents include cash and assets with maturities of three months or less from the date of purchase under balances with central banks, due from banks and other financial institutions.

(19) Provisions

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provision.

(20) Income taxes

Income tax represents the sum of the tax currently payable and deferred tax.

(a) Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(20) Income taxes** *(Continued)***(b) Deferred income tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income, in which case the current and deferred tax are also recognised in other comprehensive income.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(21) Share capital

(a) Share capital

Share capital comprises ordinary shares issued.

(b) Share issue costs

External costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds.

(22) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

A financial instrument is an equity instrument if, and only if, both conditions (i) and (ii) below are met:

- (i) The financial instrument includes no contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; and
- (ii) If the financial instrument will or may be settled in the Group's own equity instruments, it is a non-derivative instrument that includes no contractual obligations for the Group to deliver a variable number of its own equity instruments; or a derivative that will be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of direct issuance expenses.

(23) Preference shares and perpetual bonds

At initial recognition, preference shares and perpetual bonds issued by the Group are classified as financial liabilities or equity instruments based on their contractual terms and economic substance with reference to the definition of financial liabilities and equity instruments.

Preference shares and perpetual bonds issued by the Group that should be classified as equity instruments are recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redemption amount is recognised as a deduction from equity.

(24) Dividend distribution

(a) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability in the period in which they are declared and approved by the Bank's shareholders.

(b) Dividends on preference shares

Preference share dividend distribution is recognised as a liability in the Group's and the Bank's financial statements in the period in which the dividends are approved by the Board of Directors of the Bank.

(c) Distribution on perpetual bonds

Perpetual bond interest distribution is recognised as a liability in the Group's and the Bank's financial statements in the period in which the interest distribution approved by the Board of Directors of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(25) Acceptances**

Acceptances comprise the Group's commitments on payment for bills that are issued to customers. Acceptances are accounted for as credit related commitments and financial guarantees and are disclosed as contingent liabilities and commitments.

(26) Staff costs and benefits**(a) Staff costs**

Staff costs include salaries, bonuses, allowance and subsidies, staff welfare, medical insurance, employment injury insurance, maternity insurance, housing funds, labor union fees as well as staff education expenses and housing allowance. During the reporting period in which employees have rendered services, the Group recognises the staff costs payable as a liability with a corresponding charge to profit or loss or the cost of assets where appropriate.

The Group participates in the employee social security systems established by the government, including medical insurance, housing funds and other social securities, in accordance with relevant requirements. Related expenses are recognised in profit or loss when incurred.

(b) Post-employment benefits

The Group divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, post-employment benefits for the employees of the Group mainly include payment to basic retirement insurance, unemployment insurance, annuity plan and supplementary retirement benefits.

Basic retirement insurance

Employees of the Group have joined basic retirement insurance arranged by local ministry of labour and social security. The Group makes monthly contributions to the retirement insurance according to the base and proportion set by local government. When employees retire, local ministry of labour and social security is responsible for the payment of the basic pension to the retired employees. Such basic retirement insurance is a defined contribution plan. During the reporting period in which employees have rendered services, the Group recognises the amounts payable as a liability with a corresponding charge to profit or loss or the cost of assets where appropriate.

Annuity plan

The Group contributes a certain portion of employees' gross salaries to the annuity plan. Such annuity plan is a defined benefit plan. Related expenses are recognised in profit or loss when incurred.

Supplementary retirement benefits

The Group's supplementary retirement benefits are defined benefit plans. The Group's obligations for supplementary retirement benefit are recognized as related liabilities based on actuarial techniques and recognises all actuarial gains or losses in other comprehensive income. Such actuarial gains or losses will not be reversed to profit or loss subsequently. Past service costs are recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability and recognised in profit or loss when incurred.

(c) Early retirement expenses

The Group pays the welfare benefits for employees, who have not yet reached the statutory retirement age limit and are approved by the Group to voluntarily retire from their employment, from the early retirement date to the statutory retirement age limit. These welfare benefits are recognised in profit or loss based on the discounted cash flow calculation over the implementation period. The Group reviews present value of the welfare benefits on each reporting date, with any changes recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(27) Foreign currency translation

Renminbi (“RMB”) is the currency of the primary economic environment in which the Bank and the Group’s domestic subsidiaries operate. Therefore, the Bank and the Group’s domestic subsidiaries choose RMB as their functional currency. The Bank and the Group’s foreign subsidiaries choose their respective functional currencies on the basis of the primary economic environment in which they operate. The Group adopts RMB to prepare its consolidated financial statements.

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

At the reporting date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the reporting date. Exchange differences arising from the differences between the spot exchange rates prevailing at the reporting date and those on initial recognition or at the previous reporting date are recognised in profit or loss for the period, except that (i) exchange differences related to hedging instruments for the purpose of hedging against foreign exchange risks are accounted for using hedge accounting; (ii) exchange differences arising from non-monetary items at fair value through other comprehensive income (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortised cost) of monetary items at fair value through other comprehensive income are recognised as other comprehensive income; and (iii) exchange differences arising on a foreign currency monetary item that forms part of the Bank’s net investment in a foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the spot exchange rates at the date of the transactions or a rate that approximates the spot exchange rates of the date of the transaction. Exchange differences arising, if any, are recognised in other comprehensive income.

On disposal of the Group’s entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation and foreign currency monetary items that form part of the net investment in such foreign operation attributable to the owners’ equity of the Group and presented under shareholder’s equity in the statement of financial position, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to non-controlling interests and are not recognised in profit and loss. For partial disposals of equity interests in foreign operations which are associates and joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(28) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably. Contingent liabilities are disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable and can be reliably estimated, it will then be recognised as a provision.

(29) Insurance contracts**(a) Level of aggregation**

Insurance contracts and investment contracts with DPF are aggregated into groups for measuring purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohorts into three groups:

- (i) Any contracts that onerous on initial recognition;
- (ii) Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- (iii) Any remaining contracts in the annual cohort.

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group in which future contracts may be added.

(b) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the Group.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services).

For investment contracts with DPF, the cash flows are within the contract boundary if they result from a substantive obligation of the Group to deliver cash at a present or future date.

(c) Measurement – Insurance contracts and investment contracts with DPF

On initial recognition, the Group measures a group of contracts as the total of (a) fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of contracts do not reflect the Group's non-performance risk.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability of remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(29) Insurance contracts *(Continued)*

(d) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the Group belongs. Insurance acquisition cash flows are allocated to groups of contracts using systematic and rational methods based on the total premiums of each group.

Insurance acquisition cash flows that arise before the recognition of the related contracts are recognized as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimate of the present value of future cash flows as part of the measurement of the related contracts.

(30) Credit related commitments and financial guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of guarantee fees, and the best estimate of the expected credit loss provision required to settle the guarantee. Any increase in the liability relating to guarantees is taken to the consolidated statement of profit and loss.

The impairment allowance of loan commitments provided by the Group is measured by ECL. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For credit related commitments and financial guarantees, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group can not separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

(31) Fiduciary activities

In activities where the Group acts in a fiduciary capacity such as trustee, custodian or agent, the assets and income arising from the transaction together with the related undertakings to return the assets to customers are excluded from the Group's consolidated financial statements.

The Group conducts entrusted lending for the third-party lenders. The Group grants loans to borrowers, as trustee, according to the instruction of the third-party lenders who fund these loans. The Group is responsible for the arrangement and collection of the entrusted loans and receives a commission for the services rendered. As the Group does not assume the risks and rewards of the entrusted loans and does not provide funding for the corresponding entrusted funds, the entrusted loans are not recognised as assets and liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(32) Segment reporting**

The Group determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system. The Group determines its reportable segments based on operating segments, taking into account factors such as the principle of materiality, similar economic characteristics, and geographical areas. The preparation of the Group's segment information adopts accounting policies consistent with those used in the preparation of the Group's financial statements.

(33) Significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and of the Hong Kong Companies Ordinance require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) Measurement of ECL

The measurement of the expected credit loss allowance for financial assets measured at amortised cost, debt investment measured at fair value through other comprehensive income and credit related commitments and financial guarantees, is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Note 3(1) specifies the parameters, assumptions and estimation techniques used in the measurement of expected credit loss and also discloses the sensitivity of expected credit losses to changes in these factors.

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

- Segmentation of business operations sharing similar credit risk characteristics, selection of appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Economic indicators for forward-looking measurement, and the application of economic scenarios and weightings;
- Management overlay adjustments due to significant uncertain factors not covered in the models; and
- The estimated future cash flows for loans and advances to customers and financial investments at amortised cost for which DCF model was used to calculate ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in Note 3(1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(33) Significant accounting estimates and judgements *(Continued)*

(b) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. These valuation techniques include the use of recent arm's length transactions, observable prices for similar instruments, discounted cash flow analysis using risk-adjusted interest rates, and other applicable valuation models. To the extent practical, models use observable inputs such as interest rate yield curves, foreign currency rates and implied option volatilities, however areas such as credit risk (both own and counterparty's), volatilities and correlations require management to make estimates; Where observable inputs are not available or impractical to obtain, they are estimated using best available information of assumptions that are used by market participants in pricing the relevant asset or liability. Changes in assumptions could affect reported fair value of financial instruments.

The Group assesses assumptions and estimates used in valuation techniques including review of valuation model assumptions and characteristics, changes to model assumptions, the quality of market data, whether markets are active or inactive, other fair value adjustments not specifically captured by models and consistency of application of techniques between reporting periods as part of its normal review and approval processes. Valuation techniques are validated and periodically reviewed and, where appropriate, have been updated to reflect market conditions at the financial reporting date.

(c) Income taxes

The Group is subject to income tax various jurisdictions; principally, in Chinese Mainland and Hong Kong Special Administrative Region of the PRC. There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. The Group has made estimates for application of tax legislation and items of uncertainty taking into account existing tax legislation and past practice. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

(d) Consolidation of structured entities

Where the Group acts as asset manager of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to commission income and asset management fees earned as the asset manager, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset management services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***(33) Significant accounting estimates and judgements** *(Continued)***(e) Derecognition of financial assets**

In judging whether the transaction in which a loan transfer through packaging and asset securitisation is consistent with the termination confirmation of a financial asset, the Group needs to assess whether the Group meets the criteria for the transfer of financial assets and whether almost all risks and rewards in the ownership of the loan are transferred. If there is neither a transfer nor a retention of almost all the risks and rewards on the ownership of the transferred loan, the Group will further assess whether control over the transferred loan has been retained. In assessing and judging, the Group has taken into account a wide range of factors, such as whether trading arrangements are accompanied by repurchase clauses. The Group sets situational assumptions and uses the future cash flow discount model for risk and compensation transfer testing. The Group derecognised the loan only if the loan has been transferred and almost all risks and benefits in ownership have been transferred to another subject. If the Group retains almost all the risks and rewards associated with the ownership of the transferred loan, it shall continue to confirm the loan and at the same time recognise the proceeds received as a financial liability. If the Group has neither transferred nor retained almost all of the risks and rewards in the ownership of the loan and has not waived its control over the loan, the financial assets concerned are recognised to the extent that the loan continues to be involved and the relevant liability is recognised accordingly.

(f) Impairment of non-financial assets

Non-financial assets are periodically reviewed for impairment by the Group and where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's expected future cash flow.

Fair value is usually based on market prices, and the management obtains it from professional appraisal agencies. Disposal costs include legal fees and taxes related to the asset disposal. When estimating the present value of the expected future cash flow of fixed assets leased out by the subsidiary, the management takes the rental amount agreed in the lease contract and the value of the assets at the end of the lease term as the basis for estimating future cash flows, and determines an appropriate discount rate for the calculation of the present value of future cash flows in various scenarios.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

Risk management framework

The Board of Directors sets out risk management strategies, overall 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 overall 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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

For retail credit assets, the Group manages the overall 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.

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, sets credit limits for repurchase parties of trust beneficiary right and ultimate borrowers of targeted asset management plans, and carries out follow-up risk management on a regular basis.

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 contracts with other financial institutions and clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(a) Credit risk management** *(Continued)**(ii) Treasury business (Continued)*

For the storage and unwinding of interbank transactions, repurchase agreements, and precious metals transactions with other banks, the Group mainly considers the size of the counterparty banks, their financial condition, prudently assessing the credit situation of the counterparties, and implementing limit 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.

(iv) Credit risk quality

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(1) Credit risk** *(Continued)***(b) Expected credit loss (“ECL”)**

The Group measures the ECL of financial instruments at amortised cost or debt investments at 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.

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Credit risk *(Continued)*

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

Significant increases in credit risk (Continued)

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.

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 total 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 31 December 2025, The Group forecasts the 2026 year-on-year growth rate of GDP to be 5% 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 31 December 2025, 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 31 December 2025	As at 31 December 2024
Balances with central banks	688,591	703,767
Due from and placements with banks and other financial institutions	881,284	974,042
Derivative financial assets	43,736	100,375
Loans and advances to customers	8,898,768	8,351,131
Financial investments		
Financial investments at FVTPL	530,489	586,108
Financial investments at amortised cost	2,701,622	2,581,793
Financial investments at FVOCI	1,198,061	1,064,621
Other financial assets	119,374	91,925
Subtotal	15,061,925	14,453,762
Off-balance sheet loan commitments	2,471,604	2,371,629
Maximum exposure to credit risk	17,533,529	16,825,391

(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 I, and its credit risk rating is “low”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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								
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								
Stage 1	2,612,318	856	1,173	2,614,347	93,259	2,707,606	(5,984)	2,701,622
Stage 2	2,612,318	-	-	2,612,318	84,847	2,697,165	(1,434)	2,695,731
Stage 3	-	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								
Stage 1	665,037	289	-	665,326	532,735	1,198,061	-	1,198,061
Stage 2	665,037	-	-	665,037	527,456	1,192,493	-	1,192,493
Stage 3	-	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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 2024	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								
Balances with central banks (Stage 1)	677,272	-	-	677,272	26,495	703,767	-	703,767
Loans and advances to customers-								
Corporate (Excluding accrued interest)								
at amortised cost	4,881,345	82,045	63,097	5,026,487	460,839	5,487,326	(156,564)	5,330,762
Stage 1	4,802,721	-	-	4,802,721	378,121	5,180,842	(72,613)	5,108,229
Stage 2	78,624	82,045	-	160,669	63,994	224,663	(34,892)	189,771
Stage 3	-	-	63,097	63,097	18,724	81,821	(49,059)	32,762
at FVOCI	312,290	1,007	13	313,310	2,063	315,373	-	315,373
Stage 1	306,504	-	-	306,504	2,063	308,567	-	308,567
Stage 2	5,786	1,007	-	6,793	-	6,793	-	6,793
Stage 3	-	-	13	13	-	13	-	13
Loans and advances to customers-Personal (Excluding accrued interest)								
at amortised cost	2,611,949	41,192	29,543	2,682,684	69,722	2,752,406	(66,186)	2,686,220
Stage 1	2,590,209	-	-	2,590,209	65,939	2,656,148	(24,422)	2,631,726
Stage 2	21,740	41,192	-	62,932	3,500	66,432	(20,581)	45,851
Stage 3	-	-	29,543	29,543	283	29,826	(21,183)	8,643
Due from and placements with banks and other financial institutions								
Stage 1	685,814	-	-	685,814	292,211	978,025	(3,983)	974,042
Stage 2	685,814	-	-	685,814	286,104	971,918	(3,973)	967,945
Stage 3	-	-	-	-	6,107	6,107	(10)	6,097
Financial investments at amortised cost								
Stage 1	2,488,290	2,363	1,229	2,491,882	93,446	2,585,328	(3,535)	2,581,793
Stage 2	2,488,290	-	-	2,488,290	89,222	2,577,512	(1,504)	2,576,008
Stage 3	-	2,363	-	2,363	3,891	6,254	(949)	5,305
Stage 3	-	-	1,229	1,229	333	1,562	(1,082)	480
Debt investments at FVOCI								
Stage 1	555,507	399	-	555,906	508,715	1,064,621	-	1,064,621
Stage 2	555,507	-	-	555,507	504,644	1,060,151	-	1,060,151
Stage 3	-	399	-	399	4,020	4,419	-	4,419
Stage 3	-	-	-	-	51	51	-	51
On-balance sheet total	12,212,467	127,006	93,882	12,433,355	1,453,491	13,886,846	(230,268)	13,656,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 FVTPL which are not included in the impairment assessment are as follows:

	Maximum exposure to credit risk	
	As at	As at
	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss		
Derivative financial instruments	43,736	100,375
Loans and advances to customers	36	17
Financial investments at FVTPL	530,489	586,108
Total	574,261	686,500

(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 foreign exchange contracts. 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 2024	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	111,647	(70,242)	41,405	60,534
Loans and advances to customers at FVOCI	13	–	13	12
Financial investments				
Financial investments at amortised cost	1,562	(1,082)	480	635
Debt investments at FVOCI	51	–	51	–

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 31 December 2025 published on the official website of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*(1) Credit risk *(Continued)***(e) Foreclosed assets**

	As at 31 December 2025	As at 31 December 2024
Buildings	854	938
Land use rights	7	8
Others	10	10
Gross	871	956
Less: Impairment allowances	(431)	(433)
Net	440	523

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.

(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 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(1) Credit risk (Continued)

(f) Concentration risk analysis for financial assets (Continued)*Concentration risk for geographical sectors (Continued)*

As at 31 December 2024	Chinese Mainland	Hong Kong	Others	Total
Financial assets				
Balances with central banks	679,897	1,649	22,221	703,767
Due from and placements with banks and other financial institutions	732,641	116,320	125,081	974,042
Derivative financial assets	66,501	18,124	15,750	100,375
Loans and advances to customers	8,029,982	196,574	124,575	8,351,131
Financial investments at FVTPL	574,357	6,264	5,487	586,108
Debt investments at FVOCI	640,834	242,231	181,556	1,064,621
Financial investments at amortised cost	2,520,502	46,175	15,116	2,581,793
Other financial assets	84,166	6,967	792	91,925
Total	13,328,880	634,304	490,578	14,453,762
Off-balance sheet exposures				
Guarantees, acceptances and letters of credit	1,311,459	7,661	14,381	1,333,501
Loan commitments and other credit related commitments	1,010,223	17,491	10,414	1,038,128
Total	2,321,682	25,152	24,795	2,371,629

Geographical risk concentration for loans and advances to customers

	As at 31 December 2025		As at 31 December 2024	
		%		%
Yangtze River Delta	2,672,097	29.29	2,432,084	28.43
Central China	1,471,281	16.13	1,370,600	16.03
Bohai Rim Economic Zone	1,423,266	15.60	1,406,292	16.44
Pearl River Delta	1,221,976	13.39	1,115,864	13.04
Western China	1,126,880	12.35	1,024,200	11.97
Head Office	593,582	6.51	601,556	7.03
North Eastern China	283,061	3.10	274,860	3.21
Overseas	331,428	3.63	329,666	3.85
Gross amount of loans and advances to customers	9,123,571	100.00	8,555,122	100.00

Note: The definitions of geographical operating segments are set out in Note 46.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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

	As at 31 December 2025		As at 31 December 2024	
		%		%
Corporate loans				
Manufacturing	1,199,118	13.14	1,053,309	12.31
Leasing and commercial services	1,050,098	11.51	948,410	11.09
Transportation, storage and postal service	1,040,017	11.40	985,091	11.50
Real estate	515,274	5.65	527,675	6.17
Production and supply of power, heat, gas and water	462,521	5.07	456,439	5.34
Water conservancy, environmental and other public services	453,574	4.97	467,212	5.46
Wholesale and retail	364,888	4.00	289,006	3.38
Construction	221,232	2.42	210,582	2.46
Finance	182,029	2.00	144,878	1.69
Education, science, culture and public health	178,108	1.95	151,490	1.77
Mining	138,852	1.52	123,059	1.44
Information transmission, software and IT services	122,863	1.35	89,510	1.05
Accommodation and catering	37,936	0.42	33,827	0.40
Others	77,300	0.85	86,090	1.01
Discounted bills	244,723	2.68	236,138	2.76
Total corporate loans	6,288,533	68.93	5,802,716	67.83
Personal loans				
Mortgages	1,442,452	15.81	1,466,604	17.14
Credit cards	531,348	5.82	538,404	6.29
Personal business loans	462,270	5.07	413,626	4.83
Personal consumption loans	395,731	4.34	330,260	3.86
Others	3,237	0.03	3,512	0.05
Total personal loans	2,835,038	31.07	2,752,406	32.17
Gross amount of loans and advances before impairment allowances	9,123,571	100.00	8,555,122	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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 unfavourable changes and fluctuations in interest rates, foreign exchange rates, commodity price and equity product 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 31 December 2025 published on the official website of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(2) Market risk *(Continued)*

Overview *(Continued)*

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.

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, and specific measures. 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 31 December 2025, the exchange rates for US dollar and HK dollar are 1 US dollar to RMB7.02880 (31 December 2024: RMB7.1884) and 1 HK dollar to RMB0.90322 (31 December 2024: RMB0.92604), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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

As at 31 December 2024	RMB	USD (RMB Equivalent)	HKD (RMB Equivalent)	Others (RMB Equivalent)	Total
Assets					
Cash and balances with central banks	678,258	19,103	2,707	17,286	717,354
Due from and placements with banks and other financial institutions	637,524	254,127	48,133	34,258	974,042
Derivative financial assets	76,457	18,807	3,078	2,033	100,375
Loans and advances to customers	7,920,739	186,261	160,815	83,316	8,351,131
Financial investments at FVTPL	591,446	50,413	1,253	13,040	656,152
Financial investments at amortised cost	2,485,506	65,398	14,993	15,896	2,581,793
Financial investments at FVOCI	634,093	359,242	8,265	80,544	1,082,144
Other assets	215,643	204,797	6,531	10,755	437,726
Total assets	13,239,666	1,158,148	245,775	257,128	14,900,717
Liabilities					
Due to and placements from banks and other financial institutions	(2,038,786)	(319,207)	(8,655)	(64,803)	(2,431,451)
Financial liabilities at FVTPL	(35,357)	(9,097)	(1,428)	(4,372)	(50,254)
Derivative financial liabilities	(72,517)	(5,050)	(5,509)	(2,397)	(85,473)
Deposits from customers	(8,118,650)	(394,390)	(237,299)	(49,996)	(8,800,335)
Other liabilities	(2,130,639)	(201,320)	(20,129)	(25,519)	(2,377,607)
Total liabilities	(12,395,949)	(929,064)	(273,020)	(147,087)	(13,745,120)
Net position	843,717	229,084	(27,245)	110,041	1,155,597
Credit related commitments and financial guarantees					
	2,136,413	189,864	15,482	29,870	2,371,629

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 31 December 2025	As at 31 December 2024
5% appreciation of RMB	(1,252)	(699)
5% depreciation of RMB	1,252	699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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

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 31 December 2025	As at 31 December 2024
5% appreciation of RMB	(3,773)	(3,055)
5% depreciation of RMB	3,773	3,055

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(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 overall 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

3 FINANCIAL RISK MANAGEMENT (Continued)

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

As at 31 December 2024	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	702,835	–	–	–	–	14,519	717,354
Due from and placements with banks and other financial institutions	504,820	159,429	262,811	41,365	92	5,525	974,042
Derivative financial assets	–	–	–	–	–	100,375	100,375
Loans and advances to customers	2,016,634	1,427,235	3,801,153	675,060	134,077	296,972	8,351,131
Financial investments at FVTPL	16,468	28,636	98,578	76,078	38,941	397,451	656,152
Financial investments at amortised cost	19,105	27,034	241,049	1,116,699	1,151,798	26,108	2,581,793
Financial investments at FVOCI	85,886	69,440	101,935	456,550	340,372	27,961	1,082,144
Other assets	–	–	–	–	–	437,726	437,726
Total assets	3,345,748	1,711,774	4,505,526	2,365,752	1,665,280	1,306,637	14,900,717
Liabilities							
Due to and placements from banks and other financial institutions	(1,488,768)	(452,668)	(438,474)	(33,621)	(9,193)	(8,727)	(2,431,451)
Financial liabilities at FVTPL	(4,477)	(2,999)	(18,699)	(15,335)	–	(8,744)	(50,254)
Derivative financial liabilities	–	–	–	–	–	(85,473)	(85,473)
Deposits from customers	(3,609,395)	(803,846)	(1,505,128)	(2,684,106)	(27,218)	(170,642)	(8,800,335)
Other liabilities	(109,881)	(282,528)	(1,098,511)	(359,238)	(358,783)	(168,666)	(2,377,607)
Total liabilities	(5,212,521)	(1,542,041)	(3,060,812)	(3,092,300)	(395,194)	(442,252)	(13,745,120)
Total interest sensitivity gap	(1,866,773)	169,733	1,444,714	(726,548)	1,270,086	864,385	1,155,597

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 31 December 2025	As at 31 December 2024
+100 basis points parallel shift in yield curves	13,756	13,088
– 100 basis points parallel shift in yield curves	(13,756)	(13,088)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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

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 31 December 2025	As at 31 December 2024
+100 basis points parallel shift in yield curves	(29,294)	(21,735)
- 100 basis points parallel shift in yield curves	32,603	22,034

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT *(Continued)***(4) Liquidity risk** *(Continued)***(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Liquidity risk (Continued)

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

As at 31 December 2024	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	-	638,978	78,121	-	255	-	-	-	717,354
Due from and placements with banks and other financial institutions	-	-	94,004	368,144	131,449	282,179	94,959	29,862	1,000,597
Loans and advances to customers	77,627	-	-	510,866	523,675	2,121,505	2,944,295	4,147,906	10,325,874
Financial investments at FVTPL	64	76,246	255,515	24,561	53,568	120,246	100,862	42,789	673,851
Financial investments at amortised cost	866	-	-	16,636	35,066	309,615	1,353,603	1,308,653	3,024,439
Financial investments at FVOCI	51	17,523	-	19,455	44,855	140,285	623,643	422,391	1,268,203
Other financial assets	2,345	1,208	88,372	-	-	-	-	-	91,925
Assets held for managing liquidity risk (contractual maturity dates)									
	80,953	733,955	516,012	939,662	788,868	2,973,830	5,117,362	5,951,601	17,102,243
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(847,347)	(636,957)	(424,102)	(447,131)	(78,653)	(18,344)	(2,452,534)
Financial liabilities at FVTPL	-	(606)	(9,094)	(721)	(4,932)	(19,983)	(16,320)	-	(51,656)
Deposits from customers	-	-	(3,126,366)	(623,974)	(824,608)	(1,560,527)	(2,806,092)	(27,237)	(8,968,804)
Certificates of deposit issued	-	-	-	(102,977)	(261,956)	(993,702)	(32,441)	(72)	(1,391,148)
Debt securities issued	-	-	-	(429)	(24,575)	(128,777)	(344,373)	(292,081)	(790,235)
Other financial liabilities	-	-	(80,332)	(2,004)	(476)	(2,282)	(7,546)	(3,541)	(96,181)
Total liabilities (contractual maturity dates)	-	(606)	(4,063,139)	(1,367,062)	(1,540,649)	(3,152,402)	(3,285,425)	(341,275)	(13,750,558)
Net position	80,953	733,349	(3,547,127)	(427,400)	(751,781)	(178,572)	1,831,937	5,610,326	3,351,685
Cash flows from derivative financial instruments									
Derivative financial instruments settled on a net basis	-	-	-	3	363	640	8,091	6,326	15,423
Derivative financial instruments settled on a gross basis									
Cash inflows	-	-	-	1,422,780	1,191,262	2,305,835	140,400	10,957	5,071,234
Cash outflows	-	-	-	(1,422,653)	(1,192,576)	(2,306,072)	(140,650)	(9,310)	(5,071,261)
Total	-	-	-	127	(1,314)	(237)	(250)	1,647	(27)

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 end of balance sheet date to the contractual maturity date.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(4) Liquidity risk (Continued)

(c) Maturity analysis (Continued)

As at 31 December 2024	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	-	638,978	78,121	-	255	-	-	-	717,354
Due from and placements with banks and other financial institutions	-	-	93,623	366,916	130,115	276,049	86,736	20,603	974,042
Derivative financial assets	-	-	-	14,755	18,032	31,446	26,248	9,894	100,375
Loans and advances to customers	45,872	-	-	495,567	472,377	1,934,984	2,358,186	3,044,145	8,351,131
Financial investments at FVTPL	64	76,246	255,515	24,234	52,866	115,567	92,099	39,561	656,152
Financial investments at amortised cost	866	-	-	15,969	31,385	255,440	1,126,341	1,151,792	2,581,793
Financial investments at FVOCI	51	17,523	-	18,993	42,452	119,591	538,425	345,109	1,082,144
Other assets	2,345	270,738	121,891	-	-	5,268	37,484	-	437,726
Total assets	49,198	1,003,485	549,150	936,434	747,482	2,738,345	4,265,519	4,611,104	14,900,717
Liabilities									
Due to and placements from banks and other financial institutions	-	-	(847,347)	(636,263)	(422,021)	(441,503)	(71,322)	(12,995)	(2,431,451)
Financial liabilities at FVTPL	-	(606)	(9,094)	(721)	(4,925)	(19,573)	(15,335)	-	(50,254)
Derivative financial liabilities	-	-	-	(14,660)	(19,381)	(30,633)	(18,996)	(1,803)	(85,473)
Deposits from customers	-	-	(3,125,459)	(614,315)	(809,216)	(1,513,958)	(2,710,169)	(27,218)	(8,800,335)
Other liabilities	-	-	(90,458)	(139,199)	(304,696)	(1,116,700)	(364,000)	(362,554)	(2,377,607)
Total liabilities	-	(606)	(4,072,358)	(1,405,158)	(1,560,239)	(3,122,367)	(3,179,822)	(404,570)	(13,745,120)
Net amount on liquidity gap	49,198	1,002,879	(3,523,208)	(468,724)	(812,757)	(384,022)	1,085,697	4,206,534	1,155,597

(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 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
As at 31 December 2024	Up to 1 year	1-5 years	Over 5 years	Total
Loan commitments and other credit related commitments	942,298	43,895	51,935	1,038,128
Guarantees, acceptances and letters of credit	1,112,251	215,213	6,037	1,333,501
Total	2,054,549	259,108	57,972	2,371,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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. The second hierarchy of financial instruments 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 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 method and Black-Scholes model. The fair value of precious metal contract is mainly determined in accordance with the closing prices of the Shanghai Gold Exchange or the settlement prices of the Shanghai Futures Exchange. 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 table below summarises the carrying amount and fair value of those financial assets and liabilities that are not presented at fair value as at the date of statement of financial position. Financial assets and liabilities with carrying amount approximate to fair value, such as cash and balances with central banks, due from and placements with banks and other financial institutions, loans and advances to customers at amortised cost, due to and placements from banks and other financial institutions, and deposits from customers, are not included in the table below.

	As at 31 December 2025		As at 31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset				
Financial investments at amortised cost	2,701,622	2,812,181	2,581,793	2,745,341
Financial liabilities				
Debt securities issued	(679,447)	(686,042)	(668,128)	(683,138)

Fair value hierarchy of financial instruments not measured at fair value

As at 31 December 2025	Level 1	Level 2	Level 3	Total
	Financial asset			
Financial investments at amortised cost	25,280	2,757,180	29,721	2,812,181
Financial liabilities				
Debt securities issued	–	(686,042)	–	(686,042)
As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial asset				
Financial investments at amortised cost	4,115	2,711,664	29,562	2,745,341
Financial liabilities				
Debt securities issued	–	(683,138)	–	(683,138)

The carrying amounts and fair values of other financial assets and liabilities (including loans and advances to customers at amortised cost, deposits from customers, due from and placements with banks and other financial institutions, due to and placements from banks and other financial institutions) are approximately the same, because the interest rates of most of these assets and liabilities are adjusted following the changes in interest rates determined by the PBOC, other regulatory bodies or market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 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, trust and asset management products	120,105	33,794	34,264	188,163
Equity investments and other investments	1,512	2,362	63,248	67,122
Precious metal contracts	-	11,037	-	11,037
Other debt investments	62,046	44,953	141	107,140
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				
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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 2024	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Placements with banks and other financial institutions	–	2,760	–	2,760
Debt securities	3,092	233,122	3,421	239,635
Fund, trust and asset management products	157,610	29,119	27,950	214,679
Equity investments and other investments	2,467	2,863	64,714	70,044
Precious metal contracts	–	4,349	–	4,349
Other debt investments	–	127,445	–	127,445
Derivative financial instruments	–	98,806	1,569	100,375
Loans and advances to customers	–	17	–	17
Subtotal	163,169	498,481	97,654	759,304
At fair value through other comprehensive income				
Debt investments at FVOCI	2,339	1,062,282	–	1,064,621
Investments in equity instruments designated at FVOCI	10,174	1,032	6,317	17,523
Loans and advances to customers at FVOCI	–	315,360	13	315,373
Subtotal	12,513	1,378,674	6,330	1,397,517
Total assets	175,682	1,877,155	103,984	2,156,821
As at 31 December 2024				
Placements from banks and other financial institutions	–	(6,282)	–	(6,282)
Financial liabilities at FVTPL	(4)	(49,812)	(438)	(50,254)
Derivative financial instruments	–	(85,473)	–	(85,473)
Debt securities issued	–	(23,120)	–	(23,120)
Total liabilities	(4)	(164,687)	(438)	(165,129)

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. (For the year ended 31 December 2024, 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).

Reconciliation of Level 3 items

	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)
Total gains generated by financial assets held by the Group as at 31 December 2025			
– Realised gains and losses	3,026	46	–
– Unrealised gains and losses	(557)	(30)	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 2024	98,004	8,709	(536)
Total gains or losses			
– Profit or loss	3,254	(2)	–
– Other comprehensive income	–	214	–
Additions	31,667	1	–
Disposals and settlement	(32,109)	(2,597)	98
Transfer from other levels	–	5	–
Transfer to other levels	(3,162)	–	–
Balance at 31 December 2024	97,654	6,330	(438)
Total gains generated by financial assets held by the Group as at 31 December 2024			
– Realised gains and losses	3,380	29	–
– Unrealised gains and losses	3,535	241	–

(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.

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 31 December 2025, 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 31 December 2025 published on the official website of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

4 NET INTEREST INCOME

	2025	2024
Interest income		
Loans and advances to customers	269,862	298,120
Financial investments	112,901	112,038
Due from and placements with banks and other financial institutions	25,663	30,024
Balances with central banks	11,021	11,530
Subtotal	419,447	451,712
Interest expense		
Deposits from customers	(154,720)	(178,111)
Due to and placements from banks and other financial institutions	(42,272)	(56,063)
Certificates of deposit issued	(31,516)	(31,056)
Debt securities issued	(17,864)	(16,650)
Subtotal	(246,372)	(281,880)
Net interest income	173,075	169,832

5 FEE AND COMMISSION INCOME

	2025	2024
Bank cards business	15,298	14,826
Wealth management business	9,082	7,764
Custody and other fiduciary business	7,799	7,667
Agency services	3,858	3,502
Guarantee and commitment	3,112	3,202
Investment banking	2,064	2,316
Settlement services	1,349	1,504
Others	151	137
Total	42,713	40,918

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

6 FEE AND COMMISSION EXPENSE

	2025	2024
Bank card business	2,683	2,101
Settlement and agency services	1,597	1,552
Others	250	351
Total	4,530	4,004

7 NET GAINS/(LOSSES) ARISING FROM TRADING ACTIVITIES

	2025	2024
Financial instruments at FVTPL	16,572	18,295
Interest rate instruments and others	3,988	8,899
Foreign exchange	(867)	(5,275)
Total	19,693	21,919

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 year ended 31 December 2025 included a net loss of RMB23 million (for the year ended 31 December 2024: a net gain of RMB40 million) in relation to changes in the fair value of financial liabilities designated at fair value through profit or loss.

8 OTHER OPERATING INCOME

	2025	2024
Leasing income	22,953	21,252
Insurance service income	2,771	2,518
Net gains on the disposal of fixed and foreclosed assets	957	878
Income from sales of precious metal merchandise	705	427
Revaluation of investment properties	(323)	(79)
Other miscellaneous income	2,528	4,145
Total	29,591	29,141

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

9 CREDIT IMPAIRMENT LOSSES

	2025	2024
Loans and advances to customers at amortised cost	55,268	49,452
Credit related commitments and financial guarantees	733	1,139
Debt investments at FVOCI	518	401
Loans and advances to customers at FVOCI	(1,295)	256
Due from and placements with banks and other financial institutions	(1,006)	1,421
Financial investments at amortised cost	(365)	(103)
Others	694	1
Total	54,547	52,567

10 OTHER ASSETS IMPAIRMENT LOSSES

	2025	2024
Operating lease assets	1,800	1,409
Foreclosed assets	95	231
Total	1,895	1,640

11 OTHER OPERATING EXPENSES

	2025	2024
Staff costs and benefits (Note 12)	44,047	42,320
General operating and administrative expenses	24,019	25,455
Costs of operating lease business	16,065	15,258
Depreciation and amortisation	9,589	9,912
Insurance service expense	6,623	4,956
Tax and surcharges	3,082	3,075
Provision for outstanding litigations	(98)	(95)
Others	2,068	1,706
Total	105,395	102,587

12 STAFF COSTS

	Note	2025	2024
Salaries, bonuses, allowances and subsidies		29,364	28,349
Post-employment benefit	(1)	5,470	5,140
Other social security and benefit costs		9,213	8,831
Total		44,047	42,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

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 amount recognised in profit or loss in the year is as follows:

	2025	2024
Expenses incurred for retirement benefit plans and unemployment insurance	3,437	3,223
Expenses incurred for annuity plan	2,053	1,958
Total	5,490	5,181

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

	As at 31 December 2025	As at 31 December 2024
Payable for retirement benefit plans and unemployment insurance	86	85
Payable for annuity plan	20	18
Total	106	103

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 1.83% and -0.01% (31 December 2024: 1.80% and 0.21%), 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 31 December 2025	As at 31 December 2024
Statement of financial position		
– Net obligations for pension benefits	318	347

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

	2025	2024
Components of defined benefit costs recognised in profit or loss	27	29
Components of defined benefit revaluation recognised in other comprehensive income	(2)	16
Total	25	45

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

13 EMOLUMENTS OF DIRECTORS

(1) Directors' emoluments before taxation

(In thousands of RMB)

Name	Emoluments	Year ended 31 December 2025			Total
		Remuneration	Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank		
Executive directors					
Mr. Ren, Deqi	-	686	277		963
Mr. Zhang, Baojiang	-	686	275		961
Mr. Yin, Jiuyong	-	617	275		892
Mr. Zhou, Wanfu	-	617	274		891
Non-executive directors					
Mr. Chang, Baosheng	-	-	-		-
Mr. Liao, Yijian	-	-	-		-
Mr. Chan, Siu Chung	-	-	-		-
Mr. Mu, Guoxin	-	-	-		-
Mr. Ai Dong	-	-	-		-
Independent non-executive directors					
Mr. Shi, Lei	310	-	-		310
Mr. Zhang, Xiangdong	-	-	-		-
Ms. Li, Xiaohui	330	-	-		330
Mr. Ma, Jun	310	-	-		310
Mr. Wong Tin Chak	310	-	-		310
Mr. Xiao, Wei	-	-	-		-
Total	1,260	2,606	1,101		4,967

(In thousands of RMB)

Name	Emoluments	Year ended 31 December 2025			Total
		Remuneration	Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank		
Former directors and supervisors					
Mr. Chen, Junkui	-	-	-		-
Mr. Li, Longcheng	-	-	-		-
Mr. Wang, Linping	-	-	-		-
Mr. Luo, Xiaopeng	-	-	-		-
Mr. Xu, Jiming	-	56	23		79
Mr. Wang, Xueqing	-	-	-		-
Mr. Chen, Hanwen	137	-	-		137
Mr. Su, Zhi	191	-	-		191
Total	328	56	23		407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

13 EMOLUMENTS OF DIRECTORS (Continued)

(1) Directors' emoluments before taxation (Continued)

(In thousands of RMB)

Name	Emoluments	Remuneration	Year ended 31 December 2024	
			Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank	Total
Executive directors				
Mr. Ren, Deqi	–	882	272	1,154
Mr. Zhang, Baojiang	–	514	159	673
Mr. Yin, Jiuyong	–	794	266	1,060
Mr. Zhou, Wanfu	–	794	265	1,059
Non-executive directors				
Mr. Li, Longcheng	–	–	–	–
Mr. Wang, Linping	–	–	–	–
Mr. Chang, Baosheng	–	–	–	–
Mr. Liao, Yijian	–	–	–	–
Mr. Chan, Siu Chung	–	–	–	–
Mr. Mu, Guoxin	–	–	–	–
Mr. Chen, Junkui	–	–	–	–
Mr. Luo, Xiaopeng	–	–	–	–
Independent non-executive directors				
Mr. Shi, Lei	310	–	–	310
Mr. Zhang, Xiangdong	–	–	–	–
Ms. Li, Xiaohui	330	–	–	330
Mr. Ma, Jun	310	–	–	310
Mr. Wong Tin Chak	310	–	–	310
Mr. Xiao, Wei	–	–	–	–
Supervisors				
Mr. Xu, Jiming	–	882	267	1,149
Mr. Wang, Xueqing	–	–	–	–
Mr. Chen, Hanwen	280	–	–	280
Mr. Su, Zhi	260	–	–	260
Total	1,800	3,866	1,229	6,895

(In thousands of RMB)

Name	Emoluments	Remuneration	Year ended 31 December 2024	
			Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund deposited by the Bank	Total
Former directors and supervisors				
Mr. Liu, Jun	–	294	87	381
Mr. Cai, Haoyi	–	–	–	–
Mr. Li, Yao	233	–	–	233
Total	233	294	87	614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

13 EMOLUMENTS OF DIRECTORS *(Continued)***(1) Directors' emoluments before taxation** *(Continued)*

- (a) The total compensation package for directors for the year ended 31 December 2025 has not yet been finalised in accordance with regulations of the PRC relevant authorities. The amount of the compensation not provided for is not expected to have significant impact to the Group's financial statements for the year ended 31 December 2025. The final compensation will be disclosed in a separate announcement when determined.
- (b) Employee supervisors received compensation according to their positions as employees of the Bank and did not receive additional compensation as employee supervisors.
- (c) During 2025 and 2024, there was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration.

(2) Five highest paid individuals

The five highest paid individuals in the Group for the related years are as follows:

	2025	2024
Salary	14	16
Discretionary bonuses	42	28
Employer's contribution to pension scheme and other benefits	10	17
Total	66	61

Emoluments of the above five highest paid individuals in the Group are within the following bands:

	2025	2024
CNY9,000,001 – 10,000,000	–	1
CNY10,000,001 – 11,000,000	–	1
CNY11,000,001 – 12,000,000	1	1
CNY12,000,001 – 13,000,000	1	–
CNY13,000,001 – 14,000,000	1	–
CNY14,000,001 – 15,000,000	2	1
CNY15,000,001 – 16,000,000	–	1
CNY16,000,001 – 17,000,000	–	–
CNY17,000,001 – 18,000,000	–	–
CNY18,000,001 – 19,000,000	–	–
CNY19,000,001 – 20,000,000	–	–
CNY20,000,001 – 21,000,000	–	–
CNY21,000,001 – 22,000,000	–	–
CNY22,000,001 – 23,000,000	–	–
CNY23,000,001 – 24,000,000	–	–
Total	5	5

Note: The five employees with the highest salary of the Group are all senior executives recruited locally by overseas subsidiaries, with their compensation determined based on the market standards of their respective countries/regions.

During 2025 and 2024, no emolument was paid by the Group to any of the directors, supervisors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

14 INCOME TAX

	2025	2024
Current income tax		
– Enterprise income tax	3,358	11,686
– Hong Kong profits tax	1,472	1,514
– Other countries or regions	1,046	727
Subtotal	5,876	13,927
Deferred income tax (Note 24)	1,373	(4,681)
Total	7,249	9,246

The provision for enterprise income tax in Chinese Mainland is calculated based on the statutory rate of 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 Organization 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 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 31 December 2025, the implementation of Pillar Two has no significant impact on the Group’s condensed consolidated financial statements.

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%. The major reconciliation items are as follows:

	Note	2025	2024
Profit before tax		103,763	103,475
Tax calculated at statutory rate of 25%		25,941	25,869
Effects of different tax rates prevailing in other countries or regions		(447)	(335)
Effects of non-deductible expenses	(1)	7,937	9,393
Effects of non-taxable income	(2)	(24,937)	(24,096)
Adjustments for income tax filing of prior years		(61)	(211)
Others		(1,184)	(1,374)
Income tax		7,249	9,246

(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 and fund investment income.

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15 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 year.

	2025	2024
Net profit attributable to shareholders of the parent company	95,622	93,586
Less: Dividends paid to preference shareholders	(1,832)	(1,832)
Interest paid to perpetual bond holders	(4,870)	(5,632)
Net profit attributable to holders of ordinary shares of the parent company	88,920	86,122
Weighted average number of ordinary shares in issue (expressed in millions) at the end of the year	82,028	74,263
Basic and diluted earnings per share (expressed in RMB per share)	1.08	1.16

For the calculation of basic earnings per share, a cash dividend of RMB1,832 million on preference shares and interests of RMB4,870 million on perpetual bond declared for the year 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 year ended 31 December 2025, and therefore the conversion feature of preference shares has no effect on the calculation of the basic and diluted earnings per share.

16 CASH AND BALANCES WITH CENTRAL BANKS

	As at 31 December 2025	As at 31 December 2024
Cash	13,256	13,587
Mandatory reserve deposits	636,565	638,301
Surplus reserve deposits	50,103	64,534
Fiscal deposits	1,641	677
Accrued interest	282	255
Total	701,847	717,354

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.

Mandatory reserve rate for deposits with central banks of overseas countries and regions is subject to regulations of local regulatory bodies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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17 DUE FROM AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2025	As at 31 December 2024
Due from banks and other financial institutions		
– Banks and other financial institutions operating in Chinese Mainland	78,520	75,260
– Banks and other financial institutions operating outside Chinese Mainland	31,128	57,728
Accrued interest	825	775
Less: Allowance for impairment losses	(463)	(568)
Financial assets purchased under repurchase agreements		
– Securities	119,512	235,114
– Bills	6,047	18,174
Accrued interest	30	23
Less: Allowance for impairment losses	(581)	(1,115)
Placements with and loans to banks		
– Banks operating in Chinese Mainland	89,967	79,495
– Banks operating outside Chinese Mainland	170,639	153,610
Placements with and loans to other financial institutions		
– Placements with and loans to other financial institutions in Chinese Mainland	307,523	283,633
– Placements with and loans to other financial institutions outside Chinese Mainland	75,742	69,457
Accrued interest	4,304	4,756
Less: Allowance for impairment losses	(1,909)	(2,300)
Total	881,284	974,042

As at 31 December 2025 and 31 December 2024, 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.

18 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 utilize derivative financial instruments for trading or hedging 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 31 December 2025	Notional amount	Fair values	
		Assets	Liabilities
Interest rate contracts	5,159,406	19,056	(13,029)
Foreign exchange contracts	3,974,346	24,271	(23,129)
Commodity contracts and others	76,017	409	(840)
Total amount of derivative financial instruments recognised	9,209,769	43,736	(36,998)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

18 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2024	Notional amount	Fair values	
		Assets	Liabilities
Interest rate contracts	5,146,982	34,855	(20,498)
Foreign exchange contracts	5,556,881	63,072	(63,594)
Commodity contracts and others	150,332	2,448	(1,381)
Total amount of derivative financial instruments recognised	10,854,195	100,375	(85,473)

(1) Fair value hedge

The Group uses interest rate swaps to hedge against changes in fair value arising from changes in interest rates. Some purchased interest rate swap contracts are designated as hedging instruments, whose terms are identical with those of the corresponding hedged items regarding interest rate, maturity and currency. The Group uses regression analysis and critical term match to evaluate the effectiveness of hedging. With the support of testing results, the Group's management considers the hedging relationship to be highly effective. The gain and loss arising from the ineffective portion recognized in net trading gains were immaterial in 2025 and 2024.

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

	As at 31 December 2025			As at 31 December 2024			Line items in the statement of financial position
	Notional amount	Fair values		Notional amount	Fair values		
		Assets	Liabilities		Assets	Liabilities	
Interest rate contract	260,452	5,417	(1,654)	250,693	10,985	(720)	Derivative financial assets/liabilities

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 31 December 2025	1,313	2,379	24,290	159,875	72,595	260,452
As at 31 December 2024	2,778	2,467	36,312	134,073	75,063	250,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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18 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 31 December 2025				Line items in the statement of financial position
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
	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)	

	As at 31 December 2024				Line items in the statement of financial position
	Carrying amount of hedged items		Accumulated adjustments to the fair value of hedged item		
	Assets	Liabilities	Assets	Liabilities	
Bonds	225,633	-	(10,234)	-	Financial investments at amortised cost/ Financial investments at FVOCI
Others	15,535	(8,816)	11	(45)	Due from and placements with banks and other financial institutions/Loans and advances to customers//Certificates of deposits issued/Debt securities issued
Total	241,168	(8,816)	(10,223)	(45)	

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:

	2025	2024
Net gains or losses from fair value hedges:		
Hedging instruments	(6,102)	(1,015)
Hedged items attributable to the hedged risk	6,064	1,008
Total	(38)	(7)

(2) Cash flow hedge

The Group uses foreign exchange contracts to hedge against exposures to cash flow variability primarily resulting from foreign exchange risks and uses interest rate swaps to hedge against exposures to cash flow variability primarily resulting from interest rate risks. The hedged items include due from and placements with banks and other financial institutions, loans and advances to customers, financial investments at amortised cost, financial investments at FVOCI, debt securities issued, due to and placements from banks and other financial institutions, certificates of deposits issued, other assets and other liabilities. The Group mainly uses regression analysis and critical term match to evaluate the effectiveness of hedging. Gains and losses arising from the portion of hedge ineffectiveness recognised in cash flow hedges were not material in 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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18 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(2) Cash flow hedge (Continued)

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

	As at 31 December 2025			As at 31 December 2024			Line items in the statement of financial position
	Notional amount	Fair values		Notional amount	Fair values		
		Assets	Liabilities		Assets	Liabilities	
Foreign exchange contract	154,700	860	(1,472)	164,199	2,465	(2,061)	Derivative financial assets/liabilities
Interest rate contract	44,052	58	(230)	32,851	291	(40)	Derivative financial assets/liabilities
Total	198,752	918	(1,702)	197,050	2,756	(2,101)	

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 31 December 2025	24,406	51,306	73,708	44,017	5,315	198,752
As at 31 December 2024	21,953	49,758	84,886	37,218	3,235	197,050

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

	As at 31 December 2025		As at 31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Foreign risk	83,569	(94,946)	94,963	(105,654)
Interest risk	6,365	(30,221)	650	(30,877)
Total	89,934	(125,167)	95,613	(136,531)

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18 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:

	Fair value changes on hedging instruments recognised in other comprehensive income	Reclassifications from the cash flow hedge reserve to profit or loss	2025	
			Line item in the statement of profit or loss including reclassifications	Cash flow hedge reserve
Foreign risk	1,427	(1,603)	Interest income, Interest expense, Net gains/(losses) arising from trading activities	168
Interest risk	15	316	Net gains/(losses) arising from trading activities	(48)
Total	1,442	(1,287)		120
			2024	
	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
Foreign risk	(1,652)	1,372	Interest income, Interest expense, Net gains/(losses) arising from trading activities	2
Interest risk	316	42	Net gains/(losses) arising from trading activities	23
Total	(1,336)	1,414		25

19 LOANS AND ADVANCES TO CUSTOMERS

(1) Loans and advances to customers

	As at 31 December 2025	As at 31 December 2024
Loans and advances to customers		
– Carried at amortised cost	8,723,638	8,239,732
– Carried at FVOCI	399,897	315,373
– Carried at FVTPL	36	17
Less: Allowance for impairment losses	(242,291)	(222,750)
Accrued interest	19,791	20,956
Less: Allowance for impairment losses of accrued interest	(2,303)	(2,197)
Total	8,898,768	8,351,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(2) Loans and advances to customers analysed by security type

	As at 31 December 2025	As at 31 December 2024
Unsecured loans	3,689,622	3,308,339
Guaranteed loans	1,568,615	1,419,438
Loans secured by collateral	2,752,348	2,733,002
Pledged loans	1,112,986	1,094,343
Total	9,123,571	8,555,122

(3) Movements of ECL allowance

Movements of ECL allowance – Loans and advances to customers at amortised cost:

	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:				
<i>Transfer to Stage 1</i>	4,965	(4,785)	(180)	–
<i>Transfer to Stage 2</i>	(3,753)	6,396	(2,643)	–
<i>Transfer to Stage 3</i>	(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

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	80,672	55,340	67,763	203,775
Transfers:				
<i>Transfer to Stage 1</i>	6,027	(5,822)	(205)	–
<i>Transfer to Stage 2</i>	(2,344)	3,871	(1,527)	–
<i>Transfer to Stage 3</i>	(371)	(16,181)	16,552	–
Provision/(reversal)	13,043	18,180	18,547	49,770
Written-offs and disposals	–	–	(36,269)	(36,269)
Recovery of loans and advances written off in previous years	–	–	6,197	6,197
Others	8	85	(816)	(723)
As at 31 December 2024	97,035	55,473	70,242	222,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(3) Movements of ECL allowance (Continued)

Movements of ECL allowance – Loans and advances to customers at FVOCI:

	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

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	2,281	191	62	2,534
Transfers:				
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Provision/(reversal)	(113)	367	2	256
Written-offs and disposals	-	-	(15)	(15)
Recovery of loans and advances written off				
in previous years	-	-	1	1
Others	-	-	(1)	(1)
As at 31 December 2024	2,168	558	49	2,775

(4) Overdue loans analysed by security type

	As at 31 December 2025				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and 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

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19 LOANS AND ADVANCES TO CUSTOMERS (Continued)

(4) Overdue loans analysed by security type (Continued)

	As at 31 December 2024				Total
	Overdue within three months	Overdue between three months and one year	Overdue between one year and three years	Overdue over three years	
Unsecured loans	19,178	14,206	3,704	690	37,778
Guaranteed loans	4,035	3,230	9,138	2,205	18,608
Loans secured by collateral	17,839	16,480	15,812	5,365	55,496
Pledged loans	1,337	1,769	2,477	633	6,216
Total	42,389	35,685	31,131	8,893	118,098

20 FINANCIAL INVESTMENTS

	As at 31 December 2025	As at 31 December 2024
Financial investments at FVTPL		
– Listed in Hong Kong	20,006	27,531
– Listed outside Hong Kong	191,746	192,392
– Unlisted	388,857	436,229
Total	600,609	656,152
Financial investments at amortised cost		
– Listed in Hong Kong	13,858	17,094
– Listed outside Hong Kong	2,577,133	2,453,720
– Unlisted	92,034	89,096
Accrued interest	24,581	25,418
Less: Allowance for impairment losses	(5,984)	(3,535)
Total	2,701,622	2,581,793
Financial investments at FVOCI		
Debt investments at FVOCI		
– Listed in Hong Kong	60,956	73,334
– Listed outside Hong Kong	1,016,774	879,028
– Unlisted	108,120	101,858
Accrued interest	12,211	10,401
Subtotal	1,198,061	1,064,621
Equity instruments at FVOCI		
– Listed in Hong Kong	10,383	5,963
– Listed outside Hong Kong	646	5,243
– Unlisted	16,593	6,317
Subtotal	27,622	17,523
Total	1,225,683	1,082,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

20 FINANCIAL INVESTMENTS *(Continued)*

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.

The Group designates part of non-trading equity investments as financial investments measured at FVOCI.

For the year ended 31 December 2025, the Group's cash dividends received from equity investments at FVOCI was RMB961 million (for the year ended 31 December 2024: RMB681 million). For the year ended 31 December 2025, the Group's cumulative gain transferred from other comprehensive income to unappropriated profits as a result of the disposal of such equity instruments amounted to RMB248 million (for the year ended 31 December 2024: accumulated loss RMB164 million).

Debt securities analysed by issuer are as follows:

	As at 31 December 2025	As at 31 December 2024
Financial investments at FVTPL		
– Governments and central banks	92,904	143,402
– Banks and other financial institutions	108,227	74,812
– Corporate entities	25,895	21,370
– Public sector entities	121	51
Total	227,147	239,635
Financial investments at amortised cost		
– Governments and central banks	2,527,802	2,402,724
– Banks and other financial institutions	98,409	105,888
– Corporate entities	39,951	32,748
– Public sector entities	8,316	11,429
Total	2,674,478	2,552,789
Debt investments at FVOCI		
– Governments and central banks	591,579	572,816
– Banks and other financial institutions	439,790	323,758
– Corporate entities	151,208	149,553
– Public sector entities	11,888	18,494
Total	1,194,465	1,064,621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

20 FINANCIAL INVESTMENTS (Continued)

The movements in allowance for impairment losses of financial investments at amortised cost are summarised as follows:

	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:				
<i>Transfer to Stage 1</i>	6	(6)	-	-
<i>Transfer to Stage 2</i>	(13)	13	-	-
<i>Transfer to Stage 3</i>	-	-	-	-
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

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	1,662	997	979	3,638
Transfers:				
<i>Transfer to Stage 1</i>	116	(116)	-	-
<i>Transfer to Stage 2</i>	(10)	10	-	-
<i>Transfer to Stage 3</i>	-	(7)	7	-
Provision/(reversal)	(263)	65	95	(103)
Others	(1)	-	1	-
As at 31 December 2024	1,504	949	1,082	3,535

The movements in allowance for impairment losses of debt investments at FVOCI are summarised as follows:

	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:				
<i>Transfer to Stage 1</i>	-	-	-	-
<i>Transfer to Stage 2</i>	(10)	10	-	-
<i>Transfer to Stage 3</i>	-	-	-	-
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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

20 FINANCIAL INVESTMENTS (Continued)

	For the year ended 31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
As at 1 January 2024	1,094	23	1,314	2,431
Transfers:				
<i>Transfer to Stage 1</i>	21	(21)	–	–
<i>Transfer to Stage 2</i>	(6)	6	–	–
<i>Transfer to Stage 3</i>	–	–	–	–
Provision/(reversal)	256	72	73	401
Written-offs and disposals	–	–	(727)	(727)
Recovery of debt investments written off in previous years	–	–	6	6
Others	3	–	23	26
As at 31 December 2024	1,368	80	689	2,137

21 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
Zhejiang Anji BOCOM Rural Bank Co., Ltd.	RMB180,000,000	Joint stock company	Zhejiang, China	Chinese Mainland	Commercial banking	51.00	–	Establishment
Xinjiang Shihezi BOCOM Rural Bank Co., Ltd.	RMB150,000,000	Joint stock company	Xinjiang, China	Chinese Mainland	Commercial banking	51.00	–	Establishment
Bank of Communications (Hong Kong) Limited	HKD45,000,000,000	Foreign legal entity	Hong Kong, China	Hong Kong China	Commercial banking	100.00	–	Establishment
Bank of Communications (Luxembourg) 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 31 December 2025, the amount of non-controlling interests of these subsidiaries is insignificant to the Group.

Approved by NFRA, Dayi Xingmin BOCOM Rural Bank Co., Ltd. and Qingdao Laoshan BOCOM Rural Bank Co., Ltd. ceased operations and implemented dissolution in September 2025; the Bank undertakes all asset, liability, business and employees of the original rural banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

22 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 31 December 2025	As at 31 December 2024
Investments in associates		
Investment cost	13,285	8,412
Share of net profit	3,206	2,718
Share of other equity changes	192	146
Dividend income	(624)	(474)
Allowance for impairment losses	–	(2)
Subtotal	16,059	10,800
Investments in joint ventures	838	801
Total	16,897	11,601

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 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..

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 31 December 2025 (31 December 2024: 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 31 December 2025 (31 December 2024: 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 31 December 2025 (31 December 2024: 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 31 December 2025 (31 December 2024: 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 31 December 2025 (31 December 2024: 5.81%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

23 PROPERTY AND EQUIPMENT

	Buildings	Construction in progress	All types of equipment and transportation equipment	Equipment 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
Convert 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 year	(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 year	-	-	-	(1,800)	(1,800)
Decrease	-	-	-	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

	Buildings	Construction in progress	All types of equipment and transportation equipment	Equipment under operating leases	Total
Cost					
As at 1 January 2024	78,239	2,042	31,801	206,036	318,118
Additions	287	449	3,628	39,814	44,178
Construction in progress transfer in/(out)	840	(840)	-	-	-
Transfer from investment properties	6	-	-	-	6
Decreases	(652)	(15)	(1,839)	(9,130)	(11,636)
As at 31 December 2024	78,720	1,636	33,590	236,720	350,666
Accumulated depreciation					
As at 1 January 2024	(34,053)	-	(22,466)	(39,499)	(96,018)
Charge for the year	(2,783)	-	(3,932)	(9,872)	(16,587)
Decreases	294	-	1,721	4,090	6,105
As at 31 December 2024	(36,542)	-	(24,677)	(45,281)	(106,500)
Allowance for impairment losses					
As at 1 January 2024	-	(16)	-	(4,333)	(4,349)
Charge for the year	-	-	-	(1,409)	(1,409)
Decrease	-	-	-	541	541
As at 31 December 2024	-	(16)	-	(5,201)	(5,217)
Net book value					
As at 31 December 2024	42,178	1,620	8,913	186,238	238,949

As at 31 December 2025, the net book value of the operating leased aircrafts, vessels and equipment used as collateral for borrowings was RMB47,400 million (As at 31 December 2024: RMB59,710 million).

As at 31 December 2025, the process of obtaining ownership certificate for the Group's buildings with an aggregate original book value of RMB128 million (31 December 2024: RMB172 million) was still in progress. This aforesaid matter would not affect the rights of the Group on these assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

24 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 year ended 31 December 2025 (for the year ended 31 December 2024: 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 2024: 16.5%).

Deferred income tax assets and liabilities are attributable to the following items:

	As at 31 December 2025		As at 31 December 2024	
	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	167,434	41,893	168,576	42,144
Changes in fair value of derivative financial liabilities	35,246	8,846	84,100	21,025
Provisions	10,508	2,628	10,308	2,577
Changes in fair value of financial instruments at FVTPL	5,795	1,461	10,756	2,689
Changes in fair value of financial assets at FVOCI	5,495	1,375	5,824	1,456
Others	19,807	4,948	24,884	6,221
Subtotal	244,285	61,151	304,448	76,112
Deferred income tax liabilities				
Changes in fair value of derivative financial assets	(40,655)	(10,262)	(91,584)	(22,896)
Changes in fair value of financial instruments at FVTPL	(10,685)	(2,668)	(10,064)	(2,516)
Changes in fair value of financial assets at FVOCI	(21,910)	(5,282)	(28,364)	(7,091)
Others	(17,561)	(4,398)	(20,724)	(5,181)
Subtotal	(90,811)	(22,610)	(150,736)	(37,684)
Net deferred income tax assets	153,474	38,541	153,712	38,428

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 31 December 2025	As at 31 December 2024
Deferred income tax assets	42,198	42,752
Deferred income tax liabilities	(3,657)	(4,324)
	2025	2024
Net opening balance	38,428	37,972
Net change in deferred income tax recognised in income tax expense in the current year	(1,373)	4,681
Net changes in deferred income tax recognised in other comprehensive income in the current year	1,486	(4,225)
Net ending balance	38,541	38,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

25 OTHER ASSETS

	Note	As at 31 December 2025	As at 31 December 2024
Accounts receivable and temporary payments		118,474	90,410
Less: Allowance for impairment losses	(1)	(2,724)	(2,038)
Precious metal		27,677	8,231
Advance payments		15,159	17,978
Right-of-use assets	(2)	6,414	6,674
Investment properties	(3)	6,214	5,456
Intangible assets	(4)	2,960	2,894
Interest receivable	(5)	2,528	2,345
Land use rights and others		1,860	1,947
Refundable deposits		1,096	1,208
Long-term deferred expenses		926	1,057
Foreclosed assets		440	523
Goodwill	(6)	407	399
Unsettled assets		30	30
Others		7,357	7,310
Total		188,818	144,424

(1) Allowance for impairment losses

	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)
	As at 1 January 2024	Amounts (accrued)/ reversal	Written-offs	Recoveries after written-offs	Others	As at 31 December 2024
Accounts receivable and temporary prepayments	(2,752)	(64)	871	(108)	15	(2,038)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

25 OTHER ASSETS (Continued)

(2) Right-of-use assets

	As at 31 December 2025	As at 31 December 2024
Cost:		
Opening balance	13,899	13,777
Additions	2,411	2,570
Decreases	(2,725)	(2,448)
As at the end of the year	13,585	13,899
Accumulated depreciation:		
Opening balance	(7,225)	(7,124)
Additions	(2,147)	(2,195)
Decreases	2,201	2,094
As at the end of the year	(7,171)	(7,225)
Net book value	6,414	6,674
Lease liabilities	6,256	6,539

As at 31 December 2025, committed by leases but not yet commenced amount to RMB99 million (as at 31 December 2024: RMB108 million).

(3) Investment properties

	As at 1 January 2025	Increases/ (decreases) of the year	Property revaluation	Exchange differences	As at 31 December 2025
Investment properties	5,456	1,097	(323)	(16)	6,214
	As at 1 January 2024	Increases/ (decreases) of the year	Property revaluation	Exchange differences	As at 31 December 2024
Investment properties	5,525	(6)	(79)	16	5,456

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

25 OTHER ASSETS *(Continued)***(3) Investment properties** *(Continued)*

As at 31 December 2025 and 31 December 2024, fair value hierarchies of the investment properties of the Group are as follows:

	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

	Level 1	Level 2	Level 3	As at 31 December 2024
Commercial property units located in Hong Kong	-	-	639	639
Commercial property units located outside Hong Kong	-	-	4,817	4,817

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 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 year	(688)
Disposals	12
As at 31 December 2025	(5,008)
Net book value	2,960

	Computer software
Cost	
As at 1 January 2024	6,412
Additions	825
Disposals	(11)
As at 31 December 2024	7,226
Accumulated amortization	
As at 1 January 2024	(3,697)
Charge for the year	(639)
Disposals	4
As at 31 December 2024	(4,332)
Net book value	2,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

25 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

	As at 1 January 2025	Addition during the year	Decrease during the year	Exchange differences	As at 31 December 2025
Bank of Communications					
International Trust Co., Ltd.	200	-	-	-	200
BOCOM MSIG Life Insurance Co., Ltd	122	-	-	-	122
BANCO BOCOM BBM S.A.	77	-	-	8	85
Total	399	-	-	8	407

	As at 1 January 2024	Addition during the year	Decrease during the year	Exchange differences	As at 31 December 2024
Bank of Communications					
International Trust Co., Ltd.	200	-	-	-	200
BOCOM MSIG Life Insurance Co., Ltd	122	-	-	-	122
BANCO BOCOM BBM S.A.	93	-	-	(16)	77
Total	415	-	-	(16)	399

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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26 DUE TO AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	As at 31 December 2025	As at 31 December 2024
Borrowing from central banks	319,657	269,482
Accrued interest	2,285	3,798
Due to banks		
– Banks operating in Chinese Mainland	236,938	286,467
– Banks operating outside Chinese Mainland	3,334	5,215
Due to other financial institutions		
– Other financial institutions operating in Chinese Mainland	915,992	774,903
– Other financial institutions operating outside Chinese Mainland	4,026	5,371
Accrued interest	2,754	1,618
Placements from banks		
– Banks operating in Chinese Mainland	353,490	326,066
– Banks operating outside Chinese Mainland	169,388	180,662
Placements from other financial institutions		
– Other financial institutions operating in Chinese Mainland	1,000	1,000
– Other financial institutions operating outside Chinese Mainland	8,151	13,376
Accrued interest	2,965	2,583
Financial assets sold under repurchase agreements		
Securities	440,067	544,484
Bills	17,105	15,698
Accrued interest	605	728
Total	2,477,757	2,431,451

27 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2025	As at 31 December 2024
Certificates of deposit issued	23,402	37,516
Financial liabilities related to precious metal contracts	10,956	4,372
Notes issued	–	208
Short position of securities held for trading	1,641	321
Others (1)	11,715	7,837
Total	47,714	50,254

- (1) In accordance with the risk management strategy, the Group matches transferable certificates of deposit and issued notes with derivative products to reduce Market Risk. As at 31 December 2025 and 31 December 2024, to eliminate or significantly reduce accounting mismatch, the Group designates some transferable certificates of deposit and issued notes as financial liabilities measured at fair value measurement with changes recognized in profit or loss of the current period. Others mainly are liabilities of consolidated structured entities and shares held by other parties rather than the Group.

For the year ended 31 December 2025 and the year ended 31 December 2024, changes in the fair value of the Group's financial liabilities designated at fair value through profit or loss that were attributable to the changes in credit risk of the Group are disclosed in Note 40.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

28 DEPOSITS FROM CUSTOMERS

	As at 31 December 2025	As at 31 December 2024
Corporate demand deposits	1,857,908	1,961,964
Corporate time deposits	3,223,777	2,938,296
Personal demand deposits	1,011,343	949,259
Personal time deposits	3,048,049	2,780,288
Other deposits	2,433	3,436
Deposits from customers	9,143,510	8,633,243
Accrued interest	164,305	167,092
Total	9,307,815	8,800,335

As at 31 December 2025, deposits from customers comprised deposits pledged as collateral of RMB343,131 million (as at 31 December 2024: RMB349,533 million).

29 CERTIFICATES OF DEPOSITS ISSUED

Certificates of deposits at year end were issued by Head office, the Bank's overseas branches and subsidiaries are measured at amortised cost.

30 DEBT SECURITIES ISSUED

	Note	As at 31 December 2025	As at 31 December 2024
Carried at amortised cost:			
Bonds	(1)	454,376	402,609
Tier-2 capital bonds	(2)	213,007	253,180
Subordinated bonds	(3)	4,800	4,800
Accrued interest		7,264	7,539
Subtotal		679,447	668,128
Carried at fair value:			
Bonds	(1)	12,638	23,120
Total		692,085	691,248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

30 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								
22 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.75	30,000	2022/06/15	3 years	-	30,000
22 Bocom Green Financial Bond	RMB	Chinese Mainland	2.42	20,000	2022/08/05	3 years	-	20,000
22 Bocom Micro Small Enterprises Bond 02	RMB	Chinese Mainland	2.98	30,000	2022/12/09	3 years	-	29,999
22 Bocom Green Financial Bond 02	RMB	Chinese Mainland	2.96	10,000	2022/12/09	3 years	-	10,000
23 Bocom Micro Small Enterprises Bond 01	RMB	Chinese Mainland	2.80	30,000	2023/03/27	3 years	29,996	29,999
23 Bocom Green Financial Bond 01	RMB	Chinese Mainland	2.77	30,000	2023/04/25	3 years	29,995	29,999
23 Bocomm 01	RMB	Chinese Mainland	2.59	38,000	2023/07/18	3 years	37,993	37,999
23 Bocomm 02	RMB	Chinese Mainland	2.70	30,000	2023/09/22	3 years	29,995	29,999
24 Bocomm 01	RMB	Chinese Mainland	2.20	25,000	2024/05/23	3 years	24,998	24,999
24 Bocomm Green Financial Bond 01	RMB	Chinese Mainland	2.14	5,000	2024/05/23	3 years	4,999	5,000
24 Bocomm 02BC	RMB	Chinese Mainland	1.95	30,000	2024/09/25	3 years	29,998	29,999
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	29,998	29,998
25 Bocomm Green Financial Bond 01A(BC)	RMB	Chinese Mainland	1.70	25,000	2025/04/08	3 years	24,998	-
25 Bocomm Green Financial Bond 01B(BC)	RMB	Chinese Mainland	1.76	5,000	2025/04/08	5 years	5,000	-
25 Bocom Science and Technology Innovation Bond 01	RMB	Chinese Mainland	1.65	15,000	2025/05/13	3 years	14,999	-
25 Bocom Science and Technology Innovation Bond 02	RMB	Chinese Mainland	1.77	5,000	2025/05/13	5 years	5,000	-
25 Bocomm TLAC non-capital bond 01A(BC)	RMB	Chinese Mainland	1.79	34,000	2025/06/12	4 years	33,997	-
25 Bocomm TLAC non-capital bond 01B(BC)	RMB	Chinese Mainland	1.88	6,000	2025/06/12	6 years	5,999	-
25 Bocomm TLAC non-capital bond 02A(BC)	RMB	Chinese Mainland	1.78	25,000	2025/07/21	4 years	25,000	-
25 Bocomm TLAC non-capital bond 02B(BC)	RMB	Chinese Mainland	Average DR007 of past 60 trading days+24bps	5,000	2025/07/21	4 years	5,000	-
25 Bocomm TLAC non-capital bond 03A(BC)	RMB	Chinese Mainland	1.93	26,000	2025/11/12	4 years	26,000	-
25 Bocomm TLAC non-capital bond 03B(BC)	RMB	Chinese Mainland	Average DR007 of past 60 trading days+46bps	4,000	2025/11/12	4 years	4,000	-
20 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+1.16161	400	2020/07/20	5 years	-	2,876
20 Hong Kong medium-term notes 07	USD	Hong Kong, China	1.20	800	2020/09/10	5 years	-	5,749
23 Hong Kong medium-term notes 04	USD	Hong Kong, China	SOFR+0.65	60	2023/06/29	3 years	422	431
23 Hong Kong medium-term notes 05	USD	Hong Kong, China	SOFR+0.65	20	2023/06/29	3 years	141	144
23 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.65	50	2023/06/29	3 years	351	359
23 Hong Kong medium-term notes 07	USD	Hong Kong, China	SOFR+0.65	40	2023/06/29	3 years	281	287
23 Hong Kong medium-term notes 08	USD	Hong Kong, China	SOFR+0.65	15	2023/06/29	3 years	105	108
23 Hong Kong medium-term notes 12	USD	Hong Kong, China	SOFR+0.60	475	2023/08/30	3 years	3,340	3,415
BOCOM Float Green 07/03/25	USD	Hong Kong, China	SOFR+0.3	90	2024/07/05	363 days	-	653
BOCOM Float 07/03/25	USD	Hong Kong, China	SOFR+0.3	400	2024/07/05	363 days	-	2,902
24 Hong Kong medium-term notes 02	USD	Hong Kong, China	SOFR+0.55	550	2024/08/01	3 years	3,867	3,955
24 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.00	100	2024/08/20	3 years	705	708
24 Hong Kong medium-term notes 04	USD	Hong Kong, China	4.10	102	2024/08/28	3 years	720	724
24 Hong Kong medium-term notes 06	USD	Hong Kong, China	SOFR+0.57	300	2024/12/11	3 years	2,109	2,157
25 Hong Kong medium-term notes 01	USD	Hong Kong, China	SOFR+0.55	300	2025/01/17	3 years	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	2,799	-
BOCOM 3.21 05/10/2028	HKD	Hong Kong, China	3.21	800	2025/05/02	1094 days	730	-
Subtotal							408,453	352,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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30 DEBT SECURITIES ISSUED (Continued)

(1) Bonds (Continued)

	Currency	Issue place	Coupon rate %	Par value (CCY)	Issue date	Maturity	Ending balance	Opening balance
Subsidiaries								
20 Financial Investing 02	RMB	Chinese Mainland	2.80	7,000	2020/03/11	5 years	-	7,000
22 Pearl notes	RMB	Chinese Mainland	2.90	2,400	2022/12/15	3 years	-	1,683
23 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.80	3,000	2023/11/09	3 years	2,998	2,995
23 Bocomm Leasing 01	RMB	Chinese Mainland	2.88	3,000	2023/12/08	3 years	2,998	2,995
24 Bocomm Leasing 01	RMB	Chinese Mainland	2.59	3,000	2024/02/01	3 years	2,997	2,995
24 Bocomm Leasing 02	RMB	Chinese Mainland	2.24	2,000	2024/05/16	3 years	1,998	1,996
24 Bocomm Leasing Green Bond 01	RMB	Chinese Mainland	2.10	1,500	2024/06/18	3 years	1,468	1,467
24 Bocomm Leasing Green Bond 02BC	RMB	Chinese Mainland	1.95	1,500	2024/09/23	3 years	1,498	1,497
25 Bocomm Leasing Green Bond 01BC	RMB	Chinese Mainland	1.70	3,500	2025/06/16	3 years	3,148	-
23 RMB Private Bond 01	RMB	Hong Kong, China	3.50	1,000	2023/03/07	2 years	-	1,000
23 CNY medium-term notes 01	RMB	Hong Kong, China	3.00	760	2023/07/26	3 years	759	759
23 CNY medium-term notes 03	RMB	Hong Kong, China	3.30	700	2023/10/20	3 years	699	698
23 CNY medium-term notes 04	RMB	Hong Kong, China	3.50	400	2023/11/20	3 years	400	399
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	-
Azure Nova	USD	Hong Kong, China	4.25	250	2017/03/21	10 years	1,756	1,794
10 Year USD bond	USD	Hong Kong, China	4.00	250	2018/01/25	10 years	1,752	1,789
20 USD medium-term notes 01	USD	Hong Kong, China	SOFR+1.21161	500	2020/03/02	5 years	-	1,923
20 USD medium-term notes 04	USD	Hong Kong, China	SOFR+1.96161	450	2020/07/14	5 years	-	1,517
21 Bocomm International 01	USD	Hong Kong, China	1.75	500	2021/06/22	5 years	3,240	3,309
23 USD medium-term notes 10	USD	Hong Kong, China	SOFR+1.00	240	2023/12/20	3 years	700	715
24 USD medium-term notes 01	USD	Hong Kong, China	SOFR+0.92	150	2024/02/26	3 years	368	374
24 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.92	135	2024/03/04	3 years	878	970
24 USD medium-term notes 03	USD	Hong Kong, China	5.20	30	2024/05/17	3 years	211	216
24 USD medium-term notes 04	USD	Hong Kong, China	SOFR+0.75	100	2024/05/28	3 years	703	719
24 USD medium-term notes 05	USD	Hong Kong, China	5.00	300	2024/06/26	3 years	1,797	1,697
24 USD medium-term notes 06	USD	Hong Kong, China	SOFR+0.68	650	2024/06/26	3 years	3,656	3,731
24 USD medium-term notes 08	USD	Hong Kong, China	SOFR+0.75	400	2024/08/23	3 years	2,070	2,388
24 USD medium-term notes 09	USD	Hong Kong, China	4.50	250	2024/08/23	3 years	1,218	1,245
25 USD medium-term notes 02	USD	Hong Kong, China	SOFR+0.67	500	2025/03/07	3 years	2,813	-
25 USD medium-term notes 03	USD	Hong Kong, China	SOFR+0.77	500	2025/03/07	5 years	2,502	-
24 HKD medium-term notes 01	HKD	Hong Kong, China	4.60	368	2024/05/29	3 years	332	341
24 HKD medium-term notes 03	HKD	Hong Kong, China	4.15	450	2024/07/29	3 years	406	417
25 HKD medium-term notes 01	HKD	Hong Kong, China	4.25	200	2025/02/24	3 years	181	-
22 Brazil bonds 01	BRL	Brazil	CDI+2.60	270	2022/02/07	10 years	354	323
22 Brazil bonds 02	BRL	Brazil	CDI+2.40	200	2022/11/29	10 years	263	239
Subtotal							45,923	50,151
Total							454,376	402,609

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For the year ended 31 December 2025

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

30 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								
23 Hong Kong medium-term notes 02	RMB	Hong Kong, China	2.97	3,800	2023/02/28	2 years	-	3,784
24 Hong Kong medium-term notes 01	RMB	Hong Kong, China	2.83	800	2024/08/01	3 years	826	806
24 Hong Kong medium-term notes 07	RMB	Hong Kong, China	2.38	3,600	2024/12/11	2 years	3,643	3,554
25 Hong Kong medium-term notes 02	RMB	Hong Kong, China	1.85	200	2025/08/08	3 years	202	-
22 Hong Kong medium-term notes 03	USD	Hong Kong, China	2.375	400	2022/03/21	3 years	-	2,879
22 Hong Kong medium-term notes 05	USD	Hong Kong, China	4.75	200	2022/11/30	3 years	-	1,441
23 Hong Kong medium-term notes 03	USD	Hong Kong, China	4.875	600	2023/02/28	3 years	4,294	4,394
23 Hong Kong medium-term notes 09	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	356	356
23 Hong Kong medium-term notes 10	USD	Hong Kong, China	4.50	40	2023/06/26	5 years	285	285
23 Hong Kong medium-term notes 11	USD	Hong Kong, China	4.50	50	2023/06/26	5 years	356	356
23 Hong Kong medium-term notes 13	USD	Hong Kong, China	SOFR+0.60	25	2023/08/30	3 years	177	181
23 Hong Kong medium-term notes 01	HKD	Hong Kong, China	4.50	2,700	2023/02/28	2 years	-	2,541
24 Hong Kong medium-term notes 05	HKD	Hong Kong, China	4.08	2,700	2024/08/01	2 years	2,499	2,543
Total							12,638	23,120

(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)	9,997	9,999
20 BoComm	RMB	Chinese Mainland	3.24	40,000	2020/05/19	10 years	(b)	-	39,997
21 BoComm	RMB	Chinese Mainland	3.65	30,000	2021/09/23	10 years	(c)	29,995	29,999
22 BoComm 01	RMB	Chinese Mainland	3.45	30,000	2022/02/23	10 years	(d)	29,996	29,999
22 BoComm 02A	RMB	Chinese Mainland	3.03	37,000	2022/11/11	10 years	(e)	36,996	36,999
22 BoComm 02B	RMB	Chinese Mainland	3.36	13,000	2022/11/11	15 years	(f)	12,999	12,999
23 BoComm 01A	RMB	Chinese Mainland	3.30	15,000	2023/11/15	10 years	(g)	14,999	14,999
23 BoComm 01B	RMB	Chinese Mainland	3.40	15,000	2023/11/15	15 years	(h)	14,999	15,000
24 BoComm 01A	RMB	Chinese Mainland	2.45	15,000	2024/04/26	10 years	(i)	14,999	15,000
24 BoComm 01B	RMB	Chinese Mainland	2.60	11,000	2024/04/26	15 years	(j)	10,999	11,000
24 BoComm 02A	RMB	Chinese Mainland	2.18	20,000	2024/07/24	10 years	(k)	19,998	19,999
24 BoComm 02B	RMB	Chinese Mainland	2.37	10,000	2024/07/24	15 years	(l)	9,999	10,000
Subtotal								205,976	245,990
Subsidiaries									
21 BoComm Hong Kong	USD	Hong Kong, China	2.304	1,000	2021/07/08	10 years	(m)	7,031	7,190
Subtotal								7,031	7,190
Total								213,007	253,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

30 DEBT SECURITIES ISSUED *(Continued)***(2) Tier 2 capital bonds** *(Continued)*

- (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.
- (b) The Group had exercised the redemption right and redeemed 20 BoComm at the par value as a whole on 21 May 2025.
- (c) 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.
- (d) 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.
- (e) The Group has an option to redeem 22 BoComm 02A at the par value partially or as a whole on 15 November 2027, the first day upon the end of the fifth interest-bearing year, 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 22 BoComm 02B at the par value partially or as a whole on 15 November 2032, the first day upon the end of the fifth interest-bearing year, 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 01A at the par value partially or as a whole on 17 November 2028, the first day upon the end of the fifth interest-bearing year, 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 23 BoComm 01B at the par value partially or as a whole on 17 November 2033, the first day upon the end of the fifth interest-bearing year, 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 01A at the par value partially or as a whole on 29 April 2029, the first day upon the end of the fifth interest-bearing year, 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 01B at the par value partially or as a whole on 29 April 2034, the first day upon the end of the fifth interest-bearing year, 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 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.
- (l) 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.
- (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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

30 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	3,000
21 Insurance 02	RMB	Chinese Mainland	3.93	1,800	2021/07/27	10 years	(a)	1,800	1,800
Total								4,800	4,800

(a) BOCOM MSIG Life Insurance Co., Ltd. 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 Co., Ltd.'s solvency ratio is not less than 100% if the redemption is exercised.

(4) As at 31 December 2025, 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.

31 OTHER LIABILITIES

	Note	As at 31 December 2025	As at 31 December 2024
Insurance contract liabilities		148,235	134,959
Clearing and settlement		52,169	53,148
Staff compensation payable		21,247	19,449
Impairment allowance of credit related commitments and financial guarantees	(1)	10,228	9,888
Dividends payable		9,974	13,757
Lease liabilities		6,256	6,539
VAT and other taxes payable		5,942	6,529
Deposits received for finance lease		5,581	5,999
Special purpose funding		1,369	1,542
Provision for outstanding litigations	(2)	296	407
Others		32,370	37,390
Total		293,667	289,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

31 OTHER LIABILITIES (Continued)

(1) Movements in the impairment allowance of credit related commitments and financial guarantees

	For the year ended 31 December 2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
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

	For the year ended 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at 1 January 2024	8,275	551	-	8,826
Transfers:				
Transfer to Stage 1	162	(162)	-	-
Transfer to Stage 2	(151)	151	-	-
Transfer to Stage 3	(10)	-	10	-
Provision/(reversal)	613	237	289	1,139
Others	(5)	(69)	(3)	(77)
As at 31 December 2024	8,884	708	296	9,888

(2) Movements in the provision for outstanding litigations

	As at 1 January 2025	Accrued/ (reversed) during the year	Amounts settled during the year	As at 31 December 2025
Provision for outstanding litigations	407	(98)	(13)	296

	As at 1 January 2024	Accrued/ (reversed) during the year	Amounts settled during the year	As at 31 December 2024
Provision for outstanding litigations	503	(95)	(1)	407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

32 SHARE CAPITAL AND CAPITAL SURPLUS

	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

	Number of shares (in millions)	Ordinary shares of (RMB1 each)	Capital surplus
As at 1 January 2024	74,263	74,263	111,428
As at 31 December 2024	74,263	74,263	111,420

As at 31 December 2025, the number of A shares of the Group was 53,352 million (as at 31 December 2024: 39,251 million). As at 31 December 2025 and 31 December 2024, the number of H shares of the Group was 35,012 million, all with par value of RMB1 per share.

As at 31 December 2025 and 31 December 2024, the Group's capital surplus is listed as follows:

	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

	As at 1 January 2024	Additions	Reductions	As at 31 December 2024
Share premium	110,770	-	(8)	110,762
Other capital reserve	658	-	-	658
Total	111,428	-	(8)	111,420

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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

33 OTHER EQUITY INSTRUMENTS

(1) Preference shares

(a) Preference shares outstanding at the end of the year

	Issue date	Accounting classification	Dividend rate %	Issue price	Amount in shares	In original	In RMB (in millions)	Maturity	Conversion condition	Conversion
						currency (in millions)				
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 year
Less: Issuance fees							(48)			
Carrying amount							44,952			

(b) Movements of preference shares issued

	As at 1 January 2025	Movements		As at 31 December 2025
		Additions	Decreases	
		Domestic preferences-shares		
Amount (shares)	450,000,000	-	-	450,000,000
In RMB (millions)	44,952	-	-	44,952

	As at 1 January 2024	Movements		As at 31 December 2024
		Additions	Decreases	
		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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

33 OTHER EQUITY INSTRUMENTS *(Continued)*

(1) Preference shares *(Continued)*

(c) Main clauses *(Continued)*

Domestic preference shares (Continued)

(i) Dividend (Continued)

With effect from 7 September 2021, the Bank has adjusted the dividend rate for the second dividend rate adjustment period to 4.07%.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

33 OTHER EQUITY INSTRUMENTS (Continued)

(1) Preference shares (Continued)

(c) Main clauses (Continued)*Domestic preference shares (Continued)**(iv) Order of distribution and liquidation method (Continued)*

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.

(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 year

	Issue date	Accounting classification	Original interest rate %	Issue price	Amount in shares	In original currency (in millions)	In RMB (in millions)	Maturity
21 BoComm perpetual bonds (c) (ii)	8 June 2021	Equity	4.06	RMB100/bond	415,000,000	41,500	41,500	No fixed maturity date
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
Total							81,500	
Less: Issuance fees							(2)	
Carrying amount							81,498	

(b) Movements of perpetual bonds issued

	As at 1 January 2025		Movements		As at 31 December 2025	
	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)	Amount (shares)	Par value in RMB (millions)
20 BoComm perpetual bonds (c)(i)	300,000,000	30,000	(300,000,000)	(30,000)	-	-
21 BoComm perpetual bonds (c)(ii)	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
Perpetual bonds in USD (c) (i)	Not applicable	18,366	Not applicable	(18,366)	-	-
Total		129,866		(48,366)		81,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

33 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 25 September 2025, fully redeeming 2020 perpetual capital bonds, with a face value of RMB30 billion.

With the approvals by relevant regulatory authorities, the Bank exercised the right of redemption on 18 November 2025, fully redeeming overseas perpetual capital bonds, with a face value of USD2.8 billion.

- (ii) With the approvals by relevant regulatory authorities, the Bank issued RMB41.5 billion undated capital bonds in China's National Inter-Bank Bond Market on 8 June 2021, and the raising fund was received on 10 June 2021. The denomination of the Bonds is RMB100 each and coupon rate of 4.06%. 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 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.

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 obtained the prior approval of the regulatory, 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

33 OTHER EQUITY INSTRUMENTS (Continued)

(3) Interests attributable to holders of other equity instruments

	As at 31 December 2025	As at 31 December 2024
Total equity attributable to equity holders of the parent company	1,269,232	1,144,306
– Equity attributable to ordinary shareholders of the parent company	1,142,782	969,510
– Equity attributable to preference shareholders of the parent company	44,952	44,952
– Equity attributable to perpetual bond holders of the parent company	81,498	129,844
Total equity attributable to non-controlling interests	11,050	11,291
– Equity attributable to non-controlling interests of ordinary shares	8,350	7,706
– Equity attributable to non-controlling interests of non-cumulative subordinated additional Tier-1 capital securities (Note 36)	2,700	3,585

Dividends paid to preference shareholders and interest paid to perpetual bond holders for the year ended 31 December 2025 are disclosed in Note 35.

34 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 2025	Appropriate	Decrease	As at 31 December 2025
Statutory reserve	106,014	8,640	–	114,654
Discretionary reserve	140,545	346	–	140,891
Total	246,559	8,986	–	255,545

	As at 1 January 2024	Appropriate	Decrease	As at 31 December 2024
Statutory reserve	97,227	8,787	–	106,014
Discretionary reserve	140,399	162	(16)	140,545
Total	237,626	8,949	(16)	246,559

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

34 OTHER RESERVES AND RETAINED EARNINGS *(Continued)*

	As at 1 January 2025	Appropriate	Decrease	As at 31 December 2025
Statutory general reserve	173,176	14,425	–	187,601

	As at 1 January 2024	Appropriate	Decrease	As at 31 December 2024
Statutory general reserve	159,053	14,123	–	173,176

Retained earnings

The movements of retained earnings are set out below:

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 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
As at 1 January 2024	326,744
Profit for the year attributable to shareholders of the parent company	93,586
Appropriation to statutory reserve	(8,787)
Appropriation to discretionary reserve	(162)
Appropriation to general reserve	(14,123)
Dividends payable to ordinary shareholders	(41,365)
Dividends payable to preference shareholders	(1,832)
Interest to perpetual bond holders	(5,632)
Others	(164)
As at 31 December 2024	348,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

34 OTHER RESERVES AND RETAINED EARNINGS *(Continued)*

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 Bank'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.

35 DIVIDENDS

	2025	2024
Dividends to ordinary shareholders of the Bank	28,441	41,365
Dividends to preference shareholders of the Bank	1,832	1,832
Interest to perpetual bond holders of the Bank	4,870	5,632

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

- (1) Making up cumulative losses from prior years, if any;
- (2) Allocations to the non-distributable statutory reserve of 10% of the net profit of the Bank as determined under the relevant PRC accounting standards;
- (3) Allocations to statutory general reserve;
- (4) Allocations to the discretionary reserve upon approval by the Annual General Meeting of Shareholders. These funds form part of the shareholders' equity. The cash dividends are recognised in the consolidated statement of financial position upon approval by the shareholders at Annual General Meeting.

Pursuant to the approval by the Fourth Extraordinary Annual General Meeting of Shareholders on 12 December 2025, the Bank appropriated a cash dividend of RMB0.1563 (before 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 (before 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 Second Extraordinary Annual General Meeting of Shareholders on 27 December 2024, the Bank appropriated a cash dividend of RMB0.182 (before tax) for each ordinary share, with total amount of RMB13,516 million, calculated based on 74,263 million shares outstanding as at 30 June 2024, will be distributed to ordinary shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

35 DIVIDENDS *(Continued)*

Pursuant to the approval by the Annual General Meeting of Shareholders on 26 June 2024, the Bank appropriated a cash dividend of RMB0.375 (before tax) for each ordinary share, with total amount of RMB27,849 million, calculated based on 74,263 million shares outstanding as at 31 December 2023, 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 RMB1,832 million with a dividend yield of 4.07%.

Pursuant to the approval by the Board meeting on 26 April 2024, the Bank will appropriate domestic preference dividends of RMB1,832 million with a dividend yield of 4.07%.

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.

The Bank distributed the interest on the 2020 undated capital bonds in USD amounting to RMB890 million on 18 November 2024.

The Bank distributed the interest on the 2020 undated capital bonds amounting to RMB1,377 million on 25 September 2024.

The Bank distributed the interest on the 2019 undated capital bonds amounting to RMB1,680 million on 20 September 2024.

The Bank distributed the interest on the 2021 undated capital bonds amounting to RMB1,685 million on 10 June 2024.

36 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 31 December 2025, equity attributable to other equity instruments holders was RMB2,700 million. Other equity instruments were perpetual capital bonds issued by BOCOM MSIG Life Insurance Co., Ltd 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

37 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 31. The total outstanding claims against the Group (as defendant) by a number of third parties at the end of the year are summarised as follows:

	As at 31 December 2025	As at 31 December 2024
Outstanding litigations	1,215	1,187
Provision for outstanding litigation (Note 31)	296	407

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 31 December 2025	As at 31 December 2024
Within 1 year	22,427	21,803
After 1 year and within 2 years	21,264	20,779
After 2 years and within 3 years	19,365	19,095
After 3 years and within 4 years	17,976	17,005
After 4 years and within 5 years	15,606	15,642
After 5 years	73,196	60,418
Total	169,834	154,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

38 COMMITMENTS**Credit related commitments and financial guarantees**

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

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

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

	As at 31 December 2025	As at 31 December 2024
Loan commitments		
– with an original maturity within one year	10,830	7,491
– with an original maturity of one year or over	108,594	106,714
Credit card commitments	930,544	923,923
Bank acceptances	666,086	576,578
Financing guarantees	3,193	4,845
Non-financing guarantees	495,563	479,413
Sight letters of credit	35,759	37,335
Usance letters of credit	214,646	228,619
Others	6,389	6,711
Total	2,471,604	2,371,629

Capital expenditure commitments

	As at 31 December 2025	As at 31 December 2024
Contracted but not provided for	45,549	76,109

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 31 December 2025, the nominal value of treasury bonds the Group had the obligation to buy back amounted to RMB60,910 million (As at 31 December 2024: RMB56,437 million). Management of the Group expects the amount of redemption before the maturity dates of these bonds will not be material.

As at 31 December 2025, the Group had no announced but unfulfilled irrevocable commitment on security underwriting (As at 31 December 2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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39 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 31 December 2025	As at 31 December 2024
Investment securities	844,875	824,601
Bills	18,136	17,307
Total	863,011	841,908

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 44 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 31 December 2025 amounted to RMB37,627 million in total (31 December 2024: RMB35,915 million).

(2) Collateral accepted

The Group received debt securities and bills as collateral in connection with the securities lending transactions and the purchase of assets under resale agreements. The Group did not hold any collateral that can be resold or re-pledged on balance sheet date when non-defaulting.

40 OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2025		
	Before tax amount	Tax effect	Net of tax amount
Other comprehensive income			
Changes in fair value of debt instruments measured at fair value through other comprehensive income			
<i>Amount recognised in equity</i>	(5,506)	1,189	(4,317)
<i>Amount reclassified to profit or loss</i>	(2,872)	718	(2,154)
Expected credit losses of debt instruments measured at fair value through other comprehensive income			
<i>Amount recognised in equity</i>	(957)	208	(749)
<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>	(1,442)	382	(1,060)
<i>Amount reclassified to profit or loss</i>	1,287	(322)	965
Translation difference on foreign operations	(1,950)	-	(1,950)
Changes in fair value of equity investments designated at FVOCI	1,264	(179)	1,085
Changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL	217	-	217
Actuarial gains on pension benefits	2	-	2
Others	2,888	(510)	2,378
Other comprehensive income for the year	(7,069)	1,486	(5,583)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

40 OTHER COMPREHENSIVE INCOME *(Continued)*

	Year ended 31 December 2024		
	Before tax amount	Tax effect	Net of tax amount
Other comprehensive income			
Changes in fair value of debt instruments measured at fair value through other comprehensive income			
<i>Amount recognised in equity</i>	24,418	(6,422)	17,996
<i>Amount reclassified to profit or loss</i>	(1,941)	485	(1,456)
Expected credit losses of debt instruments measured at fair value through other comprehensive income			
<i>Amount recognised in equity</i>	(53)	(128)	(181)
<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>	1,336	(390)	946
<i>Amount reclassified to profit or loss</i>	(1,414)	354	(1,060)
Translation difference on foreign operations	976	–	976
Changes in fair value of equity investments designated at FVOCI	3,063	(782)	2,281
Changes in fair value attributable to changes in the credit risk of financial liabilities designated at FVTPL	(268)	–	(268)
Actuarial gains on pension benefits	(16)	–	(16)
Others	(10,473)	2,658	(7,815)
Other comprehensive income for the year	15,628	(4,225)	11,403

41 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 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 31 December 2025	As at 31 December 2024
Cash and balances with central banks	63,359	78,121
Due from and placements with banks and other financial institutions	63,103	83,829
Total	126,462	161,950

42 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

43 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 31 December 2025, 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 year ended 31 December 2025, the Group's commission income from providing services to the structured entities managed by the Group was RMB9,082 million (For the year ended 31 December 2024: RMB7,764 million).

As at 31 December 2025, the balance of the wealth management products set up and sponsored by the Group amounted to RMB1,748,908 million (As at 31 December 2024: RMB1,662,496 million), 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 (As at 31 December 2024: the balance of funds issued by the Group amounted to RMB551,299 million, the balance of trusts and asset management plans and others sponsored by the Group amounted to RMB614,451 million).

For the year ended 31 December 2025, no interest income from placements and repurchase transactions with those unconsolidated wealth management products (For the year ended 31 December 2024: 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.

As at 31 December 2025 and 31 December 2024, the carrying amount of interests in unconsolidated structured entities held by the Group through investment was set out as follows:

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	Net interest income, net gains/(losses) arising from trading activities
Securitisation products	362	161	945	1,468	Net interest income, net gains/(losses) arising from trading activities
Total	184,282	10,689	3,064	198,035	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

43 UNCONSOLIDATED STRUCTURED ENTITIES *(Continued)*

As at 31 December 2024

	Financial investments at FVTPL	Carrying amount		Maximum exposure to loss	Type of income
		Financial investments at amortised cost	Financial investments at FVOCI		
Funds	200,384	–	336	200,720	Net gains/(losses) arising from trading activities
Trusts and asset management products	13,664	21,954	–	35,618	Net interest income, net gains/(losses) arising from trading activities
Securitisation products	210	154	–	364	Net interest income, net gains/(losses) arising from trading activities
Total	214,258	22,108	336	236,702	

44 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 31 December 2025 and 31 December 2024, 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 26).

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 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
Investment securities	274,295	246,798	260,057	225,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

44 TRANSFERS OF FINANCIAL ASSETS *(Continued)***(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 31 December 2025, the face value of debt securities lent to counterparties was RMB12,901 million (31 December 2024: RMB11,700 million).

(3) Asset securitisation

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.

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 31 December 2025, loans with an original value of RMB42,820 million (31 December 2024: 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 RMB4,540 million as at 31 December 2025 (31 December 2024: RMB4,605 million). At the same time, the Group recognized same amount of the continuing involvement assets and liabilities.

For the year ended 31 December 2025, loans with an original value of RMB17,130 million (For the year ended 31 December 2024: RMB9,540 million) have been derecognized by the Group through asset securitization. As at 31 December 2025, the carrying amount of asset-backed securities held by the Group in securitisation transactions that were qualified for derecognition was RMB435 million (31 December 2024: RMB376 million), and its maximum exposure approximated to the carrying amount.

(4) Disposal of non-performing loans and advances to customers

For the year ended 31 December 2025, the Group had transferred non-performing loans and advances to customers with a gross carrying amount of RMB2,478 million (For the year ended 31 December 2024: RMB5,838 million) and collected cash totalling RMB1,283 million (For the year ended 31 December 2024: RMB2,083 million) through transferring to third parties. The difference between the gross carrying amount and the cash collected had been written off. The Group derecognised the non-performing loans and advances to customers from the Group's financial statements at the time of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

45 RELATED PARTY TRANSACTIONS

(1) Transactions with the MOF

As at 31 December 2025, the MOF held 30,943 million (31 December 2024: 17,732 million) ordinary shares of Bank of Communications Co., Ltd. which represented 35.02% (31 December 2024: 23.88%) 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 31 December 2025	As at 31 December 2024
Bonds issued by the MOF investment		
Financial investments at FVTPL	48,751	80,493
Financial investments at amortised cost	997,368	1,059,020
Financial investments at FVOCI	197,717	121,031
Deposits from customers	(22,906)	–
	2025	2024
Interest income	34,199	35,363
Interest expense	(313)	(350)

(2) Transactions with the National Council for Social Security Fund

As at 31 December 2025, the National Council for Social Security Fund held 12,149 million (31 December 2024: 12,171 million) ordinary shares of Bank of Communications Co., Ltd. which represented 13.75% (31 December 2024: 16.39%) 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 31 December 2025	As at 31 December 2024
Deposits from customers	(93,109)	(91,582)
	2025	2024
Interest expenses	(2,316)	(3,756)

(3) Transactions with the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) Group and its joint ventures

As at 31 December 2025, HSBC held 14,136 million (31 December 2024: 14,136 million) ordinary shares of the Bank of Communications Co., Ltd. which represented 16.00% (31 December 2024: 19.03%) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

45 RELATED PARTY TRANSACTIONS (Continued)

(3) Transactions with the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) Group and its joint ventures (Continued)

Details of transaction volumes and outstanding balances are summarised below:

	As at 31 December 2025	As at 31 December 2024
On-balance sheet items		
Due from and placements with banks and other financial institutions	3,565	6,677
Derivative financial assets	2,799	4,249
Loans and advances to customers	433	427
Financial investments at FVTPL	1,289	1,497
Financial investments at amortised cost	1,183	1,694
Financial investments at FVOCI	5,983	7,730
Due to and placements from banks and other financial institutions	(14,047)	(22,539)
Derivative financial liabilities	(1,024)	(2,501)
Debt securities issued	(17,930)	(32,835)
Off-balance sheet items		
Notional principal of derivative financial instruments	214,024	281,199
Credit related commitments and financial guarantees	336	344
	2025	2024
Interest income	479	552
Interest expense	(1,405)	(1,823)
Fee and commission income	74	85
Fee and commission expense	(45)	(27)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

45 RELATED PARTY TRANSACTIONS *(Continued)*

(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 21.

Details of transaction volumes and outstanding balances are summarised below:

	As at 31 December 2025	As at 31 December 2024
The Bank		
Due from and placements with banks and other financial institutions	144,625	136,007
Derivative financial assets	134	143
Loans and advances to customers	1,106	1,210
Financial investments at FVTPL	–	178
Financial investments at amortised cost	902	1,023
Financial investments at FVOCI	6,352	6,909
Other assets	8,236	218
Due to and placements from banks and other financial institutions	(12,357)	(14,325)
Derivative financial liabilities	(3,125)	(6,028)
Deposits from customers	(3,366)	(7,037)
Other liabilities	(310)	(303)
The Bank	2025	2024
Interest income	5,461	6,331
Interest expense	(406)	(532)
Fee and commission income	805	1,198
Fee and commission expense	(36)	(34)
Other operating income	613	645
Other operating expense	(249)	(230)

(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 31 December 2025, the balance of Deposits from customers to the above related parties is RMB9 million (31 December 2024: RMB9 million). As at 31 December 2025, the balance of loans and advances to the above related parties is not material (31 December 2024: not material).

Compensations of directors and senior management are summarised below:

	2025	2024
Remuneration	8	14
Other benefits	3	3

Note: Employee supervisors received compensation according to their positions as employees of the Bank and did not receive additional compensation as employee supervisors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

45 RELATED PARTY TRANSACTIONS *(Continued)*

(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 22.

Details of transaction volumes and outstanding balances are summarised below:

	As at 31 December 2025	As at 31 December 2024
On-balance sheet items		
Due from and placements with banks and other financial institutions	500	1,908
Derivative financial assets	12	1,635
Loans and advances to customers	12,508	15,044
Due to and placements from banks and other financial institutions	(378)	(1,020)
Derivative financial liabilities	(21)	(69)
Deposits from customers	(536)	(606)
Off-balance sheet items		
Notional principal of derivative financial instruments	1,209	4,630
Credit related commitments and financial guarantees	21,147	30,792
	2025	2024
Interest income	450	589
Interest expense	(42)	(116)

(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 31 December 2025	As at 31 December 2024
On-balance sheet items		
Due from and placements with banks and other financial institutions	–	200
Loans and advances to customers	1,650	2,212
Financial investments at FVTPL	61	–
Financial investments at amortised cost	609	–
Financial investments at FVOCI	577	394
Due to and placements from banks and other financial institutions	(623)	(1,520)
Deposits from customers	(151,267)	(92,330)
Off-balance sheet items		
Credit related commitments and financial guarantees	212	184
	2025	2024
Interest income	33	29
Interest expense	(3,500)	(3,139)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

46 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 reviews 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 provincial and directly managed 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 CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

46 SEGMENTAL ANALYSIS *(Continued)*Geographical operating segment information *(Continued)*

The geographical operating segment information of the Group is summarised as follows:

	Year ended 31 December 2025									
	Bohai Rim Economic North			Central China	Western China	North		Overseas	Head Office	Total
	Yangtze River Delta	Pearl River Delta	Eastern Zone			Eastern China				
External net interest income/(expense)	28,021	13,423	955	18,260	18,077	(837)	15,604	79,572	173,075	
Inter-segment net interest income/(expense)	24,932	6,512	25,393	9,629	640	6,305	(58)	(73,353)	-	
Net interest income/(expense)	52,953	19,935	26,348	27,889	18,717	5,468	15,546	6,219	173,075	
Fee and commission income	13,494	4,567	6,044	6,573	3,845	1,611	2,280	4,299	42,713	
Fee and commission expense	(1,174)	(46)	(74)	(107)	(33)	(16)	(268)	(2,812)	(4,530)	
Net fee and commission income	12,320	4,521	5,970	6,466	3,812	1,595	2,012	1,487	38,183	
Net gains/(losses) arising from trading activities	7,254	207	252	664	111	31	1,764	9,410	19,693	
Net gains/(losses) arising from financial investments	1,251	-	25	1	-	12	(146)	3,420	4,563	
Share of profits/(losses) of associates and joint ventures	(5)	-	-	-	-	-	58	442	495	
Other operating income	27,347	383	324	442	536	164	359	36	29,591	
Total net operating income	101,120	25,046	32,919	35,462	23,176	7,270	19,593	21,014	265,600	
Credit impairment (losses)/reversal	(9,873)	(18,171)	(2,326)	(7,567)	(2,908)	667	(476)	(13,893)	(54,547)	
Other assets impairment (losses)/reversal	(1,804)	(5)	(23)	(8)	(2)	(53)	-	-	(1,895)	
Other operating expense	(40,246)	(7,256)	(9,794)	(10,119)	(7,259)	(3,489)	(5,644)	(21,588)	(105,395)	
Profit/(loss) before tax	49,197	(386)	20,776	17,768	13,007	4,395	13,473	(14,467)	103,763	
Income tax									(7,249)	
Net profit for the year									96,514	
Depreciation and amortisation	(1,632)	(902)	(1,091)	(1,179)	(955)	(437)	(604)	(2,789)	(9,589)	
Capital expenditure	(38,030)	(228)	(401)	(440)	(1,363)	(138)	(237)	(2,075)	(42,912)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

46 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

Year ended 31 December 2024

	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Total
External net interest income/(expense)	21,541	12,917	8	20,506	18,631	(1,251)	14,697	82,783	169,832
Inter-segment net interest income/(expense)	28,943	6,787	26,653	9,146	486	7,390	766	(80,171)	-
Net interest income/(expense)	50,484	19,704	26,661	29,652	19,117	6,139	15,463	2,612	169,832
Fee and commission income	12,502	4,825	6,060	6,407	3,717	1,566	2,103	3,738	40,918
Fee and commission expense	(1,350)	(33)	(80)	(86)	(22)	(15)	(196)	(2,222)	(4,004)
Net fee and commission income	11,152	4,792	5,980	6,321	3,695	1,551	1,907	1,516	36,914
Net gains/(losses) arising from trading activities	6,665	347	56	633	165	(27)	1,239	12,841	21,919
Net gains/(losses) arising from financial investments	1,169	-	1	-	-	24	(551)	1,306	1,949
Share of profits/(losses) of associates and joint ventures	(44)	-	-	-	-	-	73	485	514
Other operating income	25,976	416	703	432	444	157	631	382	29,141
Total net operating income	95,402	25,259	33,401	37,038	23,421	7,844	18,762	19,142	260,269
Credit impairment (losses)/reversal	(15,133)	(8,998)	(3,008)	(6,013)	(378)	1,269	(1,536)	(18,770)	(52,567)
Other assets impairment (losses)/reversal	(1,471)	(3)	(6)	(3)	(130)	(25)	(2)	-	(1,640)
Other operating expense	(37,482)	(7,106)	(9,648)	(9,867)	(6,715)	(3,474)	(5,623)	(22,672)	(102,587)
Profit/(loss) before tax	41,316	9,152	20,739	21,155	16,198	5,614	11,601	(22,300)	103,475
Income tax									(9,246)
Net profit for the year									94,229
Depreciation and amortisation	(1,664)	(937)	(1,148)	(1,200)	(957)	(479)	(611)	(2,916)	(9,912)
Capital expenditure	(37,433)	(313)	(299)	(538)	(759)	(248)	(198)	(2,231)	(42,019)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

46 SEGMENTAL ANALYSIS (Continued)

Geographical operating segment information (Continued)

	As at 31 December 2025									
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern 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:										
<i>Investments in associates and joint ventures</i>	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)

	As at 31 December 2024									
	Yangtze River Delta	Pearl River Delta	Bohai Rim Economic North Eastern Zone	Central China	Western China	North Eastern China	Overseas	Head Office	Eliminations	Total
Segment assets	3,701,661	1,271,976	2,151,326	1,587,010	1,073,003	505,981	1,221,484	5,623,577	(2,278,053)	14,857,965
Including:										
<i>Investments in associates and joint ventures</i>	1,422	-	-	26	-	-	1,268	8,885	-	11,601
Unallocated assets										42,752
Total assets										14,900,717
Segment liabilities	(3,572,662)	(1,260,946)	(2,129,956)	(1,547,333)	(1,058,171)	(502,689)	(1,106,130)	(4,840,962)	2,278,053	(13,740,796)
Unallocated liabilities										(4,324)
Total liabilities										(13,745,120)

The comparative information was prepared in accordance with the categorisation of the current period since the assessment rules of the income distribution between various business 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. Others business segment mainly comprises items which cannot be categorised in the above business segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

46 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

The business information of the Group is summarised as follows:

	Year ended 31 December 2025				Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	
External net interest income/(expense)	91,561	17,807	63,730	(23)	173,075
Inter-segment net interest income/(expense)	2,295	47,584	(49,879)	–	–
Net interest income/(expense)	93,856	65,391	13,851	(23)	173,075
Net fee and commission income	9,729	23,170	5,145	139	38,183
Net gains/(losses) arising from trading activities	4,301	3,323	11,571	498	19,693
Net gains/(losses) arising from financial investments	136	1,116	3,235	76	4,563
Share of profits/(losses) of associates and joint ventures	25	(5)	–	475	495
Other operating income	25,015	3,739	770	67	29,591
Total net operating income	133,062	96,734	34,572	1,232	265,600
Credit impairment (losses)/reversal	(22,052)	(33,663)	1,159	9	(54,547)
Other assets impairment (losses)/reversal	(1,895)	–	–	–	(1,895)
Other operating expense					
– Depreciation and amortisation	(3,562)	(5,219)	(700)	(108)	(9,589)
– Others	(44,871)	(44,941)	(5,619)	(375)	(95,806)
Profit/(loss) before tax	60,682	12,911	29,412	758	103,763
Income tax					(7,249)
Net profit for the year					96,514
Depreciation and amortisation	(3,562)	(5,219)	(700)	(108)	(9,589)
Capital expenditure	(39,595)	(2,873)	(379)	(65)	(42,912)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

46 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

	Year ended 31 December 2024				Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	
External net interest income/(expense)	87,775	26,416	55,680	(39)	169,832
Inter-segment net interest income/(expense)	914	46,783	(47,697)	–	–
Net interest income/(expense)	88,689	73,199	7,983	(39)	169,832
Net fee and commission income	10,080	22,669	4,009	156	36,914
Net gains/(losses) arising from trading activities	3,405	1,781	16,582	151	21,919
Net gains/(losses) arising from financial investments	71	1,058	817	3	1,949
Share of profits/(losses) of associates and joint ventures	74	(44)	–	484	514
Other operating income	24,096	3,996	817	232	29,141
Total net operating income	126,415	102,659	30,208	987	260,269
Credit impairment (losses)/reversal	(16,531)	(34,599)	(1,434)	(3)	(52,567)
Other assets impairment (losses)/reversal	(1,640)	–	–	–	(1,640)
Other operating expense					
– Depreciation and amortisation	(3,718)	(5,363)	(706)	(125)	(9,912)
– Others	(44,389)	(42,599)	(5,413)	(274)	(92,675)
Profit/(loss) before tax	60,137	20,098	22,655	585	103,475
Income tax					(9,246)
Net profit for the year					94,229
Depreciation and amortisation	(3,718)	(5,363)	(706)	(125)	(9,912)
Capital expenditure	(38,740)	(2,866)	(349)	(64)	(42,019)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

46 SEGMENTAL ANALYSIS (Continued)

Business information (Continued)

	As at 31 December 2025				Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	
Segment assets	6,706,506	3,107,581	5,640,306	51,797	15,506,190
Including:					
<i>Investments in associates and joint ventures</i>	<i>6,735</i>	<i>2,017</i>	<i>-</i>	<i>8,145</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)

	As at 31 December 2024				Total
	Corporate Banking Business	Personal Banking Business	Treasury Business	Other Business	
Segment assets	6,182,816	2,989,589	5,629,611	55,949	14,857,965
Including:					
<i>Investments in associates and joint ventures</i>	<i>4,679</i>	<i>1,425</i>	<i>-</i>	<i>5,497</i>	<i>11,601</i>
Unallocated assets					42,752
Total assets					14,900,717
Segment liabilities	(5,376,108)	(4,046,983)	(4,259,137)	(50,512)	(13,732,740)
Unallocated liabilities					(12,380)
Total liabilities					(13,745,120)

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 business segments have been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

47 FINANCIAL STATEMENTS OF THE BANK

(1) Statement of financial position of the Bank

	As at 31 December 2025	As at 31 December 2024
Assets		
Cash and balances with central banks	698,154	711,734
Due from and placements with banks and other financial institutions	892,526	1,011,165
Derivative financial assets	41,261	94,764
Loans and advances to customers	8,532,511	7,975,134
Financial investments at fair value through profit or loss	445,754	514,557
Financial investments at amortised cost	2,625,155	2,506,348
Financial investments at fair value through other comprehensive income	989,171	850,853
Investments in associates and joint ventures	13,512	8,885
Investments in subsidiaries	83,378	83,665
Property and equipment	45,856	47,383
Deferred income tax assets	40,122	38,947
Other assets	171,062	117,115
Total assets	14,578,462	13,960,550
Liabilities and Equity		
Liabilities		
Due to banks and other financial institutions	2,201,088	2,157,277
Financial liabilities at FVTPL	34,358	42,209
Derivative financial liabilities	37,039	87,681
Deposits from customers	8,997,834	8,491,928
Certificates of deposits issued	1,385,700	1,369,564
Current income tax liabilities	3,100	5,890
Debt securities issued	633,395	628,150
Deferred income tax liabilities	423	246
Other liabilities	119,122	122,530
Total liabilities	13,412,059	12,905,475
Equity		
Share capital	88,364	74,263
Other equity investments	126,450	174,796
<i>Including: Preference shares</i>	<i>44,952</i>	<i>44,952</i>
<i>Perpetual bonds</i>	<i>81,498</i>	<i>129,844</i>
Capital surplus	215,522	111,218
Other reserves	430,283	412,738
Retained earnings	305,784	282,060
Total equity	1,166,403	1,055,075
Total equity and liabilities	14,578,462	13,960,550

The financial statements of the Bank were approved and authorised for issuance by the Board of Directors on 27 March 2026 and signed on its behalf by:

Chairman and Executive Director: Ren Deqi

Vice Chairman, Executive Director and President: Zhang Baojiang

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

47 FINANCIAL STATEMENTS OF THE BANK (Continued)
 (2) Statement of changes in equity of the Bank

	Other equity instruments											Other reserves				Total
	Share capital	Preference shares	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary reserve	Statutory general reserve	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			
As at 1 January 2025	74,263	44,952	129,844	111,218	101,068	139,764	160,337	9,386	33	(142)	965	(104)	1,431	282,060	1,055,075	
Total comprehensive income	-	-	-	-	-	-	-	(3,824)	218	96	(868)	2	34	80,772	76,430	
Capital contribution by ordinary shareholders	14,101	-	-	105,839	-	-	-	-	-	-	-	-	-	-	119,940	
Capital contribution and reduction by other equity instruments holders	-	-	(48,346)	(1,492)	-	-	-	-	-	-	-	-	-	-	(49,838)	
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,441)	(28,441)	
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)	
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,870)	(4,870)	
Transfer to reserves	-	-	-	-	7,892	-	13,779	-	-	-	-	-	-	(21,671)	-	
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	173	-	-	-	-	-	(173)	-	
Others	-	-	-	(43)	12	-	31	-	-	-	-	-	-	(61)	(61)	
As at 31 December 2025	88,364	44,952	81,488	215,522	108,972	139,764	174,147	5,735	251	(46)	97	(102)	1,465	305,784	1,166,403	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

47 FINANCIAL STATEMENTS OF THE BANK (Continued)
 (2) Statement of changes in equity of the Bank (Continued)

	Other equity/instruments										Other reserves				Total
	Share capital	Preference shares	Perpetual bonds	Capital surplus	Statutory reserve	Discretionary reserve	Statutory general reserve	Revaluation reserve for the impairment of financial assets at fair value through 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	
As at 1 January 2024	74,263	44,962	129,838	111,226	92,965	139,764	147,162	(1,040)	301	(148)	726	(88)	1,421	273,576	1,014,918
Total comprehensive income	-	-	-	-	-	-	-	10,095	(288)	6	239	(16)	10	78,922	88,988
Capital contribution and reduction by other equity instruments holders	-	-	6	(8)	-	-	-	-	-	-	-	-	-	-	(2)
Dividends paid to ordinary shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,365)	(41,365)
Dividends paid to preference shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,832)	(1,832)
Interest paid to perpetual bond holders	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,632)	(5,632)
Transfer to reserves	-	-	-	-	8,103	-	13,175	-	-	-	-	-	-	(21,278)	-
Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	331	-	-	-	-	-	(331)	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2024	74,263	44,962	129,844	111,218	101,068	139,764	160,337	9,386	33	(142)	965	(104)	1,431	282,060	1,065,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2025

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

48 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

Profit distribution after reporting period

On 27 March 2026, the Board of Directors of the Bank proposed to appropriate RMB8,077 million to the statutory reserve and RMB11,327 million to the statutory general reserve in 2026. A cash dividend of RMB0.1684 (before tax) for each share, totaling RMB14,880 million, calculated based on the total number of shares outstanding of 88,364 million shares (RMB1 per share) as at 31 December 2025 was also proposed. The proposal will be subject to the approval by the General Meeting of Shareholders.

49 AUDIT FEES

In 2025, KPMG and its network member firms were paid a professional audit service fee of RMB88 million by the Group for the audit of the financial statements of the Group (including audits of the Group's subsidiaries and overseas branches) and other professional services. (For the year ended 31 December 2024: RMB86 million).

50 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in disclosures in current year.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

For the year ended 31 December 2025

1 CURRENCY CONCENTRATIONS

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

As at 31 December 2024	USD	HKD	Others	Total
Spot assets	951,959	219,735	249,755	1,421,449
Spot liabilities	(924,060)	(267,742)	(143,882)	(1,335,684)
Forward purchases	2,458,972	298,416	1,311,505	4,068,893
Forward sales	(2,599,792)	(161,455)	(1,909,151)	(4,670,398)
Net option position	(17,723)	(296)	(1,809)	(19,828)
Net (short)/long position	(130,644)	88,658	(493,582)	(535,568)
Net structural position	193,172	29,592	7,771	230,535

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.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the year ended 31 December 2025

2 INTERNATIONAL CLAIMS *(Continued)*

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.

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>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

As at 31 December 2024	Bank	Official sector	Non-bank private sector	Others	Total
Asia Pacific	619,944	145,186	697,562	–	1,462,692
<i>Of which attributed to Hong Kong</i>	<i>185,343</i>	<i>95,183</i>	<i>392,236</i>	–	<i>672,762</i>
North and South America	24,016	14,505	36,250	–	74,771
Africa	748	1,643	484	–	2,875
Europe	10,313	570	27,543	–	38,426
Total	655,021	161,904	761,839	–	1,578,764

3 OVERDUE AND RESTRUCTURED ASSETS

(1) Balance of overdue loans

	As at 31 December 2025	As at 31 December 2024
Loans and advances to customers which have been overdue for:		
– Less than 3 months	36,327	42,389
– 3 to 6 months	20,654	15,003
– 6 to 12 months	25,787	20,682
– Over 12 months	50,190	40,024
Total	132,958	118,098
Percentage (%):		
– Less than 3 months	0.40	0.50
– 3 to 6 months	0.23	0.18
– 6 to 12 months	0.28	0.24
– Over 12 months	0.55	0.46
Total	1.46	1.38

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the year ended 31 December 2025

3 OVERDUE AND RESTRUCTURED ASSETS (Continued)

(2) Overdue and restructured loans

	As at 31 December 2025	As at 31 December 2024
Total restructured loans and advances to customers	77,201	66,959
<i>Including: Restructured loans and advances to customers overdue above 3 months</i>	13,978	7,985
Percentage of restructured loans and advances to customers overdue above 3 months in total loans	0.15	0.09

4 SEGMENTAL INFORMATION OF LOANS

(1) Impaired loans and advances to customers by geographical area

	As at 31 December 2025		As at 31 December 2024	
	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	26,808	(15,367)	24,196	(14,684)
– Pearl River Delta	18,795	(11,249)	14,704	(9,642)
– Bohai Rim Economic Zone	16,831	(9,923)	14,279	(7,991)
– Central China	15,466	(8,467)	14,535	(7,379)
– Western China	10,263	(5,985)	8,989	(5,340)
– North Eastern China	6,178	(4,351)	8,902	(5,393)
– Head Office	14,851	(13,601)	12,596	(11,251)
Subtotal	109,192	(68,943)	98,201	(61,680)
Hong Kong, Macau, Taiwan and overseas regions	7,773	(4,144)	13,459	(8,611)
Total	116,965	(73,087)	111,660	(70,291)

(2) Overdue loans and advances to customers by geographical area

	As at 31 December 2025		As at 31 December 2024	
	Overdue loans	Allowance for impairment losses	Overdue loans	Allowance for impairment losses
Chinese mainland				
– Head Office	27,671	(25,052)	28,522	(21,637)
– Yangtze River Delta	26,300	(17,636)	20,745	(11,582)
– Pearl River Delta	21,555	(12,633)	15,356	(9,496)
– Central China	18,112	(9,860)	17,603	(7,759)
– Bohai Rim Economic Zone	14,552	(9,213)	10,329	(5,795)
– Western China	11,136	(6,442)	8,364	(4,825)
– North Eastern China	5,596	(3,711)	4,762	(2,982)
Subtotal	124,922	(84,547)	105,681	(64,076)
Hong Kong, Macau, Taiwan and overseas regions	8,036	(4,048)	12,417	(8,243)
Total	132,958	(88,595)	118,098	(72,319)

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the year ended 31 December 2025

5 LOANS AND ADVANCES TO CUSTOMERS

(1) The risk concentration analysis for loans and advances to customers by geographical and industry sectors (gross)

Hong Kong	As at 31 December 2025			As at 31 December 2024		
		%	Amount covered by collaterals		%	Amount covered by collaterals
Corporate loans						
Real estate	46,290	23.58	17,621	65,323	32.08	21,917
Finance	19,429	9.90	995	7,744	3.80	1,203
Manufacturing	18,592	9.47	2,276	15,978	7.85	2,035
Transportation, storage and postal service	16,499	8.40	3,604	8,225	4.04	3,052
Wholesale and retail	9,958	5.07	3,163	7,437	3.65	3,079
Production and supply of power, heat, gas and water	7,170	3.65	-	-	-	-
Accommodation and catering	6,552	3.34	3,324	2,200	1.08	2,200
Construction	2,935	1.50	135	5,432	2.67	983
Leasing and commercial services	1,908	0.97	966	10,548	5.18	3,944
Information transmission, software and IT services	1,810	0.92	30	3,901	1.92	36
Others	2,234	1.14	502	18,179	8.93	2,555
Total corporate loans	133,377	67.94	32,616	144,967	71.20	41,004
Personal loans						
Mortgage	48,836	24.88	48,836	44,641	21.93	44,484
Personal consumption loans	10,489	5.34	10,386	10,082	4.95	9,751
Personal business loans	293	0.15	293	330	0.16	329
Credit cards	125	0.06	-	127	0.06	-
Others	3,197	1.63	3,101	3,455	1.70	3,423
Total personal loans	62,940	32.06	62,616	58,635	28.80	57,987
Gross amount of loans and advances to customers before impairment allowance	196,317	100.00	95,232	203,602	100.00	98,991
Outside Hong Kong	8,927,254			8,351,520		

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 42% as at 31 December 2025 (31 December 2024: 45%).

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)

For the year ended 31 December 2025

5 LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

(2) Allowance on loans and advances to customers by type of loan

	As at 31 December 2025		As at 31 December 2024	
	Impaired loans	Allowance for impairment losses	Impaired loans	Allowance for impairment losses
Corporates	72,147	(42,400)	81,834	(49,108)
Individuals	44,818	(30,687)	29,826	(21,183)
Total	116,965	(73,087)	111,660	(70,291)

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:

	Year ended 31 December 2025			Year ended 31 December 2024		
	New provisions	Loans and advances written off as uncollectible	Recovery of loans and advances written off in previous years	New provisions	Loans and advances written off as uncollectible	Recovery of loans and advances written off in previous years
Corporates	20,969	(13,103)	3,122	16,258	(14,887)	3,040
Individuals	32,750	(28,630)	3,851	33,768	(21,397)	3,158
Total	53,719	(41,733)	6,973	50,026	(36,284)	6,198

BOCOM ASSESSMENT INDICATORS FOR GLOBAL SYSTEMICALLY IMPORTANT BANKS

(As at the end of 31 December 2025)

(In millions of RMB)

Assessment Indicators for Global Systemically Important Banks	The Group
Total Exposures	17,551,524
Intra-Financial System Assets	1,609,485
Intra-Financial System Liabilities	2,183,944
Securities Outstanding	2,960,719
Payments Activity	315,045,964
Assets Under Custody	18,258,689
Underwritten Transaction in Debt and Equity Markets	700,500
Fixed Income Securities Trading Volume	4,209,061
Equity and Other Securities Trading Volume	180,143
Notional Amount of OTC Derivatives	9,149,780
Trading and AFS Securities	976,264
Level 3 Assets	118,573
Cross-Jurisdictional Claims	1,178,906
Cross-Jurisdictional Liabilities	1,027,679

Note: In accordance with regulatory requirements, the Group's assessment indicators for global systemically important banks are calculated using the consolidated scope required by the Basel Committee, which differs from the scope of consolidation used for financial statements and regulatory reporting.

BOCOM ASSESSMENT INDICATORS FOR DOMESTIC SYSTEMICALLY IMPORTANT BANKS

In February 2026, the PBOC and the NFRA published the list of domestic systemically important banks, and the Bank was selected to the list, remaining in Category 3. Pursuant to the *Measures for the Assessment of Systemically Important Banks* issued by the PBOC and the former China Banking and Insurance Regulatory Commission, the Group's indicators for the assessment of systemic importance as at 31 December 2023 and 31 December 2024 are set out below.

(In millions of RMB)

Level 1 Indicators	Level 2 Indicators	2023	2024	
Scale	Balance of on-and off-balance sheet assets after adjustment	15,397,025	16,404,283	
Interconnectedness	Intra-Financial System Assets	1,978,444	2,024,564	
	Intra-Financial System Liabilities	2,742,140	3,330,686	
	Securities Outstanding	1,081,547	1,315,105	
Substitutability	Payments Activity	303,033,842	342,803,110	
	Assets Under Custody	13,155,414	14,969,427	
	Agency and consignment business	2,507,654	3,336,434	
	Number of customers and number of domestic operating branches	Number of domestic licensed operating branches	2,834	2,818
		Number of corporate customers	2,672,801	2,851,758
Number of individual customers		191,975,189	199,035,819	
Complexity	Derivatives	7,847,245	10,588,478	
	Securities at fair value	666,751	882,582	
	Assets of non-banking affiliates	676,017	758,653	
	Wealth management business	Balance of non-principal guaranteed wealth management products issued by the Bank	70,929	44,526
		Balance of wealth management products issued by wealth management subsidiaries	1,231,417	1,617,970
	Cross-Jurisdictional Claims and Liabilities	1,942,663	2,202,420	

Note: Calculated pursuant to the standards set out in the *Measures for the Assessment of Systemically Important Banks* (Yin Fa [2020] No. 289), some indicators' data differ from those used for the assessment of global systemically important banks.



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