

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中原銀行股份有限公司*
ZHONGYUAN BANK CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1216)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR
ENDED DECEMBER 31, 2025**

The board of directors (the “**Board**”) of Zhongyuan Bank Co., Ltd.* (the “**Bank**”) is pleased to announce the audited consolidated annual results (the “**Annual Results**”) of the Bank and its subsidiaries for the year ended December 31, 2025 which were prepared in accordance with the International Financial Reporting Standards. The Board and the audit committee of the Board have reviewed and confirmed the Annual Results.

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Bank (www.zybank.com.cn). The annual report for the year ended December 31, 2025 will be published and made available on the above websites in due course.

By Order of the Board
Zhongyuan Bank Co., Ltd.*
GUO Hao
Chairman

Zhengzhou, the People's Republic of China
March 30, 2026

As at the date of this announcement, the Board comprises Mr. GUO Hao and Mr. ZHOU Feng as executive directors; Mr. FENG Ruofan, Mr. LI Wenqiang and Ms. ZHANG Shu as non-executive directors; and Mr. XU Yiguo, Ms. ZHAO Zijian, Mr. WANG Maobin, Mr. PAN Xinmin and Mr. GAO Pingyang as independent non-executive directors.

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

Contents

Corporate Information	2
Financial Summary	8
Chairman’s Statement	11
President’s Statement	15
Management Discussion and Analysis	18
Changes in Share Capital and Information on Shareholders	73
Directors, Supervisors, Senior Management, Employees and Institutions	78
Corporate Governance Report	98
Report of the Board of Directors	134
Important Events	145
Independent Auditor’s Report	149
Unaudited Supplementary Financial Information	288
Definitions	291



Chapter 1 Corporate Information

1 Basic Corporate Profile

Legal Name of the Company

中原銀行股份有限公司¹ (abbreviated as 中原銀行)

English Name of the Company

ZHONGYUAN BANK CO., LTD.¹ (abbreviated as ZYBANK)

Registered Office

No. 9 Waihuan Road, Financial Island, Zhengdong New District, Zhengzhou, Henan Province, PRC

Headquarters in China

No. 9 Waihuan Road, Financial Island, Zhengdong New District, Zhengzhou, Henan Province, PRC

Principal Business Place in Hong Kong

40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong

¹ Zhongyuan Bank Co., Ltd. is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.

Chapter 1 Corporate Information

Board of Directors

Executive Directors:

Mr. GUO Hao (*Chairman*)

Mr. ZHOU Feng¹ (*Vice Chairman and President*)

Non-executive Directors²:

Mr. FENG Ruofan

Mr. LI Wenqiang

Ms. ZHANG Shu

Independent non-executive Directors:

Mr. XU Yiguo

Ms. ZHAO Zijian

Mr. WANG Maobin

Mr. PAN Xinmin

Mr. GAO Pingyang

¹ On November 10, 2025, the Bank held the 2025 second extraordinary general meeting to consider and approve Mr. ZHOU Feng as an executive Director of the third session of the Board of the Bank. On the same day, Mr. ZHOU Feng was elected as the vice chairman of the Board of the Bank at the Board meeting of the Bank. The qualification of Mr. ZHOU Feng as a Director and the vice chairman of the Board was approved by the Henan Office of the National Financial Regulatory Administration on January 4, 2026. For details, please refer to the announcements of the Bank dated October 17, 2025, November 10, 2025, and January 7, 2026, and the circular of the Bank dated October 20, 2025.

² On April 17, 2025, Ms. ZHANG Qiuyun, a non-executive Director, resigned from her position as a non-executive Director and a member of the strategy and development committee of the Board of the Bank, with effect from April 17, 2025. For details, please refer to the Bank's announcement dated April 17, 2025. On June 30, 2025, the Bank convened the 2024 annual general meeting to consider and approve Mr. LI Wenqiang as a non-executive Director of the third session of the Board of the Bank. The qualification of Mr. LI Wenqiang as a Director was approved by the Henan Office of the National Financial Regulatory Administration on December 8, 2025. For details, please refer to the announcements of the Bank dated June 30, 2025 and December 12, 2025, and the circular of the Bank dated June 9, 2025.

Chapter 1 Corporate Information

Legal Representative

Mr. GUO Hao

Authorized Representatives

Mr. GUO Hao
Ms. CHAN Yin Wah

Company Secretary

Ms. CHAN Yin Wah

Unified Social Credit Code

9141000031741675X6

Financial License Institution Number

B0615H241010001

Auditors

PRC Auditor

Baker Tilly China Certified Public Accountants
Building 12, Sci-tech Cultural Park for Global Communication, 19 Chegongzhuang West Road,
Haidian District, Beijing, China

International Auditor

Baker Tilly Hong Kong Limited
8/F, 728 King's Road, Quarry Bay, Hong Kong

Legal Advisor as to PRC mainland Laws

King & Wood Mallesons
17-18/F, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District,
Beijing, PRC

Chapter 1 Corporate Information

Legal Advisor as to Hong Kong Laws

Clifford Chance
27th Floor, Jardine House, One Connaught Place, Central, Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Domestic Shares Trustee Agency

China Securities Depository and Clearing Corporation Limited
Western Hall, 2/F, Shenzhen Stock Exchange Building, 2012 Shennan Avenue, Futian District, Shenzhen

H Share Stock Code

1216

Investor's Enquiry

Website Address:

www.zybank.com.cn

Contact Telephone No.:

(86) 0371-85517898

Fax:

(86) 0371-85519888

Email:

dongshihui@zybank.com.cn

Chapter 1 Corporate Information

2 Company Profile

Established in December 2014, Zhongyuan Bank is a provincial corporate bank with institutions and outlets covering the whole Henan province. Zhongyuan Bank was listed on the Main Board of the Hong Kong Stock Exchange in July 2017. In May 2022, Bank of Luoyang, Bank of Pingdingshan and Bank of JZCTS were merged and absorbed into the Bank with the approval of the Former CBIRC.

As of the end of the Reporting Period, Zhongyuan Bank operates 18 branches with over 600 business outlets, one consumer finance company, two financial leasing companies and 13 county banks. The Bank's total assets exceeded RMB1.4 trillion and the number of employees exceeded 20,000. With its excellent operating results and high-quality financial services, Zhongyuan Bank has won widespread praise from all walks of life, and was awarded "World's Best Banks by Forbes (福布斯世界最佳銀行)", "Ten Best City Commercial Banks of the Year (年度十佳城市商業銀行)", "Top Ten Iron-horse Banks (鐵馬十佳銀行)", "Best Listed Company (最佳上市公司)", "Outstanding City Commercial Bank of the Year (年度卓越城商行)" "Top 500 Listed Chinese Companies published by The Fortune in 2025 (2025年《財富》中國上市公司500強)", and other honors. Zhongyuan Bank ranked 152nd amongst the top 1,000 banks in the world by The Banker (UK) in 2025, and its social reputation and brand influence continued to enhance.

Zhongyuan Bank will continuously adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, concentrate on the goal of "building a first-class city commercial bank and becoming the vanguard in the Henan financial army" proposed by CPC Committee and Government of Henan Province and centre on the mission positioning of "being the bank of people themselves in central China". The Bank insists that the Party's leadership is the soul, the Party Committee and the government are the reliance, recognises that the market economy is the environment, the institutional nature is a bank, and firmly protects the asset quality as life and the operating results as the fundamentals, and it fully supports the practice of Chinese-style modernization in Henan Province, and makes new and greater contributions to creating a more splendid chapter of Zhongyuan Bank in the new era and new journey.

Chapter 1 Corporate Information

3 Major Honors in 2025

On May 10, 2025, with a brand value of RMB9.381 billion, the Bank was included in the “2024 China Brand Value Evaluation Information (2024 中國品牌價值評價信息)” ranking for the financial and insurance sector.

On July 2, 2025, the Bank ranked 152nd amongst the Top 1,000 World Banks 2025 published by The Banker (UK).

On July 8, 2025, the Bank was included in the “2025 Jinnuo • Annual Financial Brand Influence Cases (2025 金諾•金融品牌年度影響力案例)”.

On July 22, 2025, the Bank ranked 305th in the 2025 Fortune China 500.

On August 28, 2025, the Bank was included in the “2025 Outstanding Cases of Innovative Development in China’s Banking Sector (2025 中國銀行業創新發展優秀案例)” by Tsinghua Financial Review.

On August 28, 2025, the Bank was included in the 2025 China Banking Industry Rankings Top 200.

On November 19, 2025, the Bank was awarded the “Tianji Award for Regional Influential Bank of the Year 2025 (2025 年度區域影響力銀行天璣獎)”.

On November 22, 2025, the Bank was recognised by 21st Century Business Herald as both the “2025 Leading City Commercial Bank (2025 年度領航城商行)” and the “2025 Leading Brand Institution (2025 年度領航品牌機構)”.

On December 10, 2025, the Bank received the “2025 Bank with Outstanding Competitiveness in Brand Building (2025 卓越競爭力品牌建設銀行)” award.

On December 10, 2025, the Bank received the “2025 Bank with Outstanding Competitiveness in Social Responsibility (2025 卓越競爭力社會責任銀行)” award.

On December 23, 2025, the Bank was named amongst the “Top Ten Small and Medium-sized Banks” in the 7th “Iron Horse” Small and Medium-sized Bank Awards.

On December 26, 2025, the Bank was selected as a case study in the “2025 Golden Dragon • Financial Power Cases – Financial Branding and Cultural Development category (2025 年度金龍•金融力量案例金融品牌和文化建設案例)”.

Chapter 2 Financial Summary

	For the year ended December 31,					
	2025	2024	2025 vs 2024	2023	2022	2021
<i>(Expressed in millions of Renminbi, unless otherwise stated)</i>						
Operating Results			Rate of Change (%)			
Net interest income	22,518.8	21,542.7	4.5	22,263.0	21,276.3	16,693.0
Net fee and commission income	1,447.4	1,418.1	2.1	1,318.5	1,783.1	1,932.5
Operating income	26,507.0	25,955.3	2.1	26,183.4	25,611.2	19,282.8
Operating expenses	(10,500.9)	(10,499.6)	0.0	(10,861.8)	(10,278.0)	(7,143.5)
Impairment losses on assets	(13,715.4)	(12,885.6)	6.4	(12,559.7)	(11,189.5)	(7,640.2)
Profit before tax	2,282.7	2,750.5	(17.0)	2,957.1	4,307.7	4,598.4
Net profit	3,576.2	3,469.7	3.1	3,206.3	3,825.1	3,633.3
Net profit attributable to equity shareholders of the Bank	3,588.6	3,445.9	4.1	3,221.0	3,650.2	3,565.0
Calculated on a per share basis (RMB)			Rate of Change (%)			
Net assets per share attributable to equity shareholders of the Bank ⁽¹⁾	2.28	2.26	0.9	2.15	2.07	2.57
Earnings per share ⁽²⁾	0.08	0.08	0.0	0.07	0.10	0.15
Profitability Indicators (%)			Change			
Return on average total assets ⁽³⁾	0.26	0.26	0.00	0.24	0.37	0.48
Return on average equity ⁽⁴⁾	3.53	3.47	0.06	3.11	4.35	5.99
Net interest spread ⁽⁵⁾	1.58	1.52	0.06	1.56	1.89	2.13
Net interest margin ⁽⁶⁾	1.68	1.61	0.07	1.73	2.06	2.31
Net fee and commission income to operating income	5.46	5.46	0.00	5.04	6.96	10.02
Cost-to-income ratio ⁽⁷⁾	38.34	38.80	(0.46)	40.07	39.05	35.95

Chapter 2 Financial Summary

	For the year ended December 31,					
	2025	2024	2025 vs 2024	2023	2022	2021
<i>(Expressed in millions of Renminbi, unless otherwise stated)</i>						
Capital adequacy ratio indicators⁽⁸⁾ (%)			Change			
Calculated based on the Capital Administrative Measures						
Core Tier-one capital adequacy ratio	8.89	8.46	0.43	8.10	7.98	8.70
Tier-one capital adequacy ratio	11.38	10.93	0.45	10.44	9.47	10.39
Capital adequacy ratio	13.52	13.02	0.50	11.64	11.83	13.30
Total equity to total assets	7.02	7.35	(0.33)	7.20	7.06	8.12
Asset quality indicators (%)			Change			
Non-performing loans to total loans ⁽⁹⁾	1.96	2.02	(0.06)	2.04	1.93	2.18
Allowance for loan impairment losses to non-performing loans ⁽¹⁰⁾	165.75	155.03	10.72	154.06	157.08	153.49
Allowance for loan impairment losses to total loans ⁽¹¹⁾	3.25	3.14	0.11	3.15	3.03	3.35
Other indicators (%)						
Loan-to-deposit ratio	76.52	80.33	(3.81)	84.47	82.69	86.56
Scale indicators			Rate of Change (%)			
Total assets	1,414,293.4	1,365,197.0	3.6	1,346,446.5	1,326,736.4	768,233.3
Of which: Net loans and advances to customers	716,699.7	697,845.2	2.7	689,869.4	666,892.4	378,116.5
Total liabilities	1,314,968.0	1,264,813.7	4.0	1,249,558.3	1,233,101.9	705,853.7
Of which: deposits from customers	981,289.4	911,799.8	7.6	859,783.8	845,257.2	455,692.2
Share capital	36,549.8	36,549.8	-	36,549.8	36,549.8	20,075.0
Equity attributable to equity shareholders of the Bank	96,236.6	96,557.7	(0.3)	92,504.6	89,228.4	61,210.1
Non-controlling interests	3,088.8	3,825.6	(19.3)	4,383.6	4,406.1	1,169.5
Total equity	99,325.4	100,383.3	(1.1)	96,888.2	93,634.5	62,379.6

Chapter 2 Financial Summary

Notes:

- (1) Calculated by dividing equity attributable to equity holders of the parent company after deduction of other equity instruments at the end of the reporting period by the total number of ordinary shares at the end of the reporting period.
- (2) The ratio of net profit (net of dividends of preference shares distributed during the year) attributable to shareholders of the Bank to weighted average number of ordinary shares.
- (3) Represents net profit for the period as a percentage of average balance of total assets at the beginning and the end of the period.
- (4) Calculated based on the “Rules on the Preparation and Submission of Information Disclosed by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share” (Revision 2010) issued by China Securities Regulatory Commission. Represents net profit attributable to shareholders of the Bank for the period as a percentage of weighted average balance attributable to shareholders of the Bank for the period.
- (5) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities, calculated based on daily average of the interest-earning assets and the interest-bearing liabilities.
- (6) Calculated by dividing net interest income by the daily average balance of total interest-earning assets.
- (7) Calculated by dividing operating expenses after deduction of taxes and surcharges by operating income.
- (8) The Administrative Measures for the Capital of Commercial Banks came into effect on January 1, 2024.
- (9) Calculated by dividing total non-performing loans and advances to customers by gross loans and advances to customers. Gross loans and advances to customers are exclusive of accrued interest.
- (10) Calculated by dividing allowance for impairment losses on loans and advances to customers by total non-performing loans. Total allowance for impairment losses on loans and advances to customers included allowance for impairment losses on loans at amortized cost and allowance for impairment losses on loans at fair value through other comprehensive income.
- (11) Calculated by dividing allowance for impairment losses on loans and advances to customers by gross loans and advances to customers.

Chapter 3 Chairman's Statement



Chapter 3 Chairman's Statement

As time unfolds through seasons, a new chapter of glory blooms. The year 2025 marked a crucial year for building a modern socialist country in all respects and the end of China's "14th Five-Year Plan". In this year, though once-in-a-century transformations accelerated evolution, China's economy forged ahead steadily amid challenges. Zhongyuan Bank has always adhered to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its fundamental guideline, deeply understands the profound significance of the "Two Establishments", strengthened the "Four Consciousnesses", consolidated the "Four Confidences" and ensured "Two Upholds". We fully implemented the spirit of the 20th National Congress of the Communist Party of China and all subsequent plenary sessions. Under the strong leadership of the Provincial Party Committee and the Provincial People's Government and with the vigorous support of all sectors of the society, we reviewed and planned our development within the context of advancing Chinese-style modernization in Henan. Deeply integrating into Henan's "1+2+4+N" target task system and the "two priorities and four focal tasks" strategic layout, we concentrated on the primary goal of high-quality development, maintained our strategic focus, deepened reform and innovation, strengthened risk prevention and control and delivered an annual result with stable operations, improved quality and efficiency in the journey of serving the construction of a modern Henan.

As of the end of 2025, the Group's total assets amounted to RMB1,414.293 billion; operating revenue amounted to RMB26.507 billion, with a net profit of RMB3.576 billion; the non-performing loan ratio was 1.96%; and the allowance coverage ratio was 165.75%. Total assets maintained reasonable growth, operational efficiency improved steadily, asset quality remained generally manageable, and all major regulatory indicators continued to meet requirements. This hard-won achievement embodied the wisdom and efforts of all Zhongyuan Bank's employees, carried the trust and affection of our customers, investors and partners, and was inseparable from the guidance and support of the Party Committees, governments and regulatory authorities at all levels. On behalf of the Board of Directors, I would like to extend my sincere gratitude and highest respect to all friends from all sectors of the society who care about, support and participate in the development of Zhongyuan Bank!

Chapter 3 Chairman's Statement

We adhered to the leadership of the Party and consolidated the “foundation” and “soul” of high-quality development. We always placed the Party's political construction at the forefront, earnestly practiced the political-oriented and people-oriented finance work, and integrated the Party's leadership into the entire process of corporate governance. Strictly implementing the standing committee system of the Party Committee and the “Three Important and One Great” decision-making system, we ensured the full implementation of the decisions of the Party Central Committee and the work requirements of the Provincial Party Committee. We strived to promote the in-depth integration of Party building and business operations, transforming the Party's political and organizational advantages into strong development momentum and governance efficiency. We carried out high-standard study and education on the thorough implementation of the spirit of the Central Eight-Point Regulations, advanced the comprehensive and strict party governance in depth, and strived to forge a financial team of loyalty, integrity and responsibility, providing a strong guarantee for the steady development of Zhongyuan Bank.

We deeply integrated into regional strategies and bravely took on the main role in serving the real economy. Proactively direct financial “liquidity” toward the broader landscape of the national strategies and regional development, we fully advanced the “Five Priorities”. With sci-tech finance taking the lead, our coverage of “specialized, refined, differential and innovative” enterprises maintained a leading position in Henan, and we were recognized as an “Excellent Partner Bank” for sci-tech finance in Henan for four consecutive years, accelerating the development of new productive forces; empowered by green finance, we were recognized as a Tier-One Green Finance Institution in Henan Province for three consecutive years, thus safeguarding lucid waters and lush mountains with financial strength; we fulfilled our responsibilities in inclusive finance and promoted the costs reduction, increment and expansion of small and micro loans, extending financial services to the furthest reaches of the real economy; through deepening pension finance, we accelerated the aging-friendly renovation of our outlets, caring for the elderly with sincere services; by activating digital finance, the number of mobile banking customers continued to grow, making smart finance easily accessible to all.

We were committed to strategic transformation and fostering new advantages in distinctive development. By launching a new round of strategic planning, we continued to deepen the “Four Banks” strategic layout, maintained strategic focus, and resolutely did what was difficult but right. The foundation of the “bank for governments” was further consolidated, with the share of new special bonds issuance and underwriting ranking first in the province; the support of the “bank for industries” was strengthened, promoting the upgrade of services for key industrial chains such as optoelectronics and superhard materials from “individual customers” to “industrial scenarios”; the reputation of the “bank for citizens” was enhanced, with the operation system for core and featured customer groups such as the elderly and new citizens increasingly improved; the efforts of “bank for rural revitalization” was deepened, writing a new chapter of rural revitalization on the fertile land of the Central Plains region. We showed a high-quality development trend with more solid capital, optimized structure and distinct feature.

We adhered to strengthen the Bank through talent development and cultivated fertile ground for career development and entrepreneurship. We deeply recognized that talent was the primary resource for high-quality development. Adhering to the correct orientation in selecting and appointing cadres, we improved the mechanism for cadre selection and appointment, ensuring that the capable are placed in suitable posts, while the incompetent step aside. We emphasized cultivating and tempering cadres through practice, strengthened job rotations and exchanges among different business lines and between the headquarters, branches and sub-branches, and strived to enhance the understanding and execution capabilities of cadres for strategies at all levels. We improved the dual-track promotion mechanism for management and professional career paths, enabling employees with “expertise and specialized skills” to have broad development prospects. Vigorously promoting the core values of “responsibility and proactive innovation, unity and cooperation and prudence and compliance”, we created a sound political ecology with an upright atmosphere and encouraging career development and entrepreneurship, and strived to transform the scale advantage of over 20,000 employees into a talent advantage for high-quality development.

Chapter 3 Chairman's Statement

We strengthened the bottom line of safety and consolidated the firewall for stable and long-term development. We always regarded risk prevention and control as an eternal theme, continuously improved the comprehensive risk management system, strengthened the application of intelligent risk control technologies, and achieved early identification, early warning and early disposal of risks. Going all out to “controlling new exposure while addressing the existing ones”, we achieved remarkable results in non-performing asset disposal, and asset quality has been continuously consolidated. We steadily promoted the reform to defuse risks of county banks, successfully completed the reform of the Board of Supervisors, and the corporate governance system has been continuously improved. By continuously deepening the construction of compliance culture and improving the long-term mechanism for internal control and compliance, we ensured that all business activities run on a track of soundness and prudence.

Those who plan wisely go far, and those who work diligently succeed. The year 2026 is the first year of the “15th Five-year Plan” and a crucial year for Zhongyuan Bank to deepen its implementation of strategies and develop core competitiveness at a new starting point. I will lead the Board of Directors to focus more intently on performing its core responsibilities of “formulating strategies, making decisions and preventing risks”, safeguarding the Bank’s high-quality development through improved governance efficiency. We will maintain unwavering patience and strategic focus, neither rushing ahead recklessly nor waiting passively, resolutely to do what is difficult but right, and promote the construction of the “Four Banks” to move from laying the foundation to building sustained strength. We will adhere to a bottom-line mindset, elevate risk prevention and control to a higher priority, supervise the management to control new exposure while addressing the existing ones and consolidate our foundational strength, so as to achieve continuous improvement in asset quality while serving the real economy. We will follow the laws of banking operations, balance short-term benefits with long-term value, and refrain from judging success solely by scale, and guide the Bank to truly focus on optimizing structure, strengthening fundamentals and enhancing sustainable momentum.

Where there is a will, no distance is too far; where there is a way, no mountains or seas are too vast to overcome. Standing at a new historical starting point, I am full of confidence in the future of Zhongyuan Bank. This confidence stems from the strong leadership of the Provincial Party Committee and the Provincial People’s Government, the unity of all employees as well as the profound trust upon us by all sectors of the society. I firmly believe that as long as the Bank stays committed to our goals, maintains strategic focus, overcomes difficulties with the courage to “take on the toughest challenges to pursue the highest target”, and continues to strive with the mindset of “success does not have to be achieved by me, but it must be achieved with my contribution”, we will surely forge ahead steadily. In the journey of advancing the practice of Chinese-style modernization in Henan, we will leave a lasting footprint belonging to Zhongyuan Bank and deliver even more outstanding results to the Provincial Party Committee, the Provincial People’s Government, our shareholders, our customers and all sectors of the society!

Executive Director, Chairman of the Board
GUO Hao

Chapter 4 President's Statement



Chapter 4 President's Statement

The year 2025 marked the final year of China's 14th Five-Year Plan, a crucial year in which Zhongyuan Bank overcame challenges and achieved steady development. Zhongyuan Bank has diligently studied and implemented the spirit of the 20th National Congress of the Communist Party of China (CPC or Party) and all plenary sessions of the 20th CPC Central Committee. Anchored in its commitment to "serving urban and rural residents, serving small and medium-sized enterprises, and serving local economic development", Zhongyuan Bank has remained steadfast and diligent, vigorously pursuing specialized operations and differentiated development strategies. In doing so, Zhongyuan Bank has delivered a high-quality development performance marked by stability, progress, innovation, and enhanced resilience.

Reflecting on the year 2025, under the leadership of Party building, we advanced the deep integration of Party building and business operations with high quality. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we carried out in-depth study and implementation of the spirit of the Fourth Plenary Session of the 20th CPC Central Committee, applying the Party's innovative theories to promote the high-quality development of Zhongyuan Bank. By comprehensively advancing the deep integration of Party building with business operations, we effectively performed the principal responsibility of Party management and governance and the operational responsibility of corporate governance and development in a unified manner. We strengthened Party organization construction by embracing a spirit of reform and maintaining rigorous standards, forging a strong fighting fortress. We steadfastly advanced the in-depth study and implementation of the Central Eight-Point Regulations, persistently rectified improper practices and corruption around the public, and further consolidated the defenses for clean and ethical finance.

Reflecting on the year 2025, we maintained prudent operations, achieving steady and high-quality growth in our operating results. Our asset scale continued to increase steadily. As at the end of 2025, the Group's total assets amounted to RMB1,414.293 billion, representing an increase of RMB49.096 billion as compared with the end of the previous year. Profitability improved steadily. Throughout the year, the Group recorded operating income of RMB26.507 billion, representing an increase of 2.1% as compared with the end of the previous year; net profit amounted to RMB3.576 billion, representing an increase of 3.1% as compared with the end of the previous year; and total taxes and fees paid reached RMB2.729 billion. Asset quality was further enhanced, with the non-performing loan ratio at 1.96%. Operational efficiency continued to improve, with the cost-to-income ratio at 38.34%, representing a decrease of 0.46 percentage point as compared with the end of the previous year.

Reflecting on the year 2025, we focused on our principal business and delivered the "Five Target Areas" of finance (namely sci-tech finance, green finance, inclusive finance, pension finance and digital finance) with high quality. Sci-tech finance has strengthened our service credentials, with key products such as the "Science and Technology Loan" and the "Loan to Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products" maintaining a leading position in Henan Province. Loans to sci-tech enterprises remained securely within the province's top tier. Green finance underpinned progress towards the "dual carbon" goals, with the launch of Henan Province's first "special bond + project loan". For three consecutive years, we have been recognized as a Tier-One Green Finance Institution in Henan Province. Inclusive finance has benefited thousands of households, with the balance of inclusive small and micro loans reaching RMB96.2 billion. Pension finance provides warmth to the silver-haired customers. Four model outlets for pension finance were established, serving over 12.81 million elderly customers, with the balance of commercial pension exceeding RMB1.7 billion. Digital finance empowers smarter lifestyles. We focused on creating a simple, intelligent and culturally enriched APP, precisely integrating the distinctive features of Henan's eighteen cities into our service scenarios. The number of online customers of our mobile banking exceeded 20 million, maintained its position among the top three city commercial banks nationwide.

Chapter 4 President's Statement

Reflecting on the year 2025, we remained steadfast in our fundamentals, providing high-quality service to support local economic and social development. In close alignment with regional strategic objectives, we formulated the Implementation Plan for Financial Services under the “Two Highs and Four Focuses” Framework of Zhongyuan Bank, injecting financial impetus into key project development. The balance of loans for ecological protection and high-quality development of the Yellow River Basin reached RMB282.4 billion. We deeply integrated the Bank into the broader industrial upgrading agenda, with the balance of industrial credit reaching RMB265.9 billion. We cultivated the vast potential of county-level markets, extended our service reach, and strengthened our network of convenient services, bringing financial services to communities, streets and rural areas. We advanced the “One County, One Strategy” and “One County, Three Industries” initiatives, effectively promoting rural revitalization through the development of county-level industries. By upholding the value orientation of “finance serving people (金融為民)”, we implemented targeted initiatives to boost consumption, actively supported policies for trade-ins of consumer goods, with the balance of personal consumption loans reaching RMB194.8 billion.

Reflecting on the year 2025, we managed risks effectively and built a high-quality defense line for secure financial development. Upholding the principle that “asset quality is our lifeblood (資產質量是生命)”, we focused our efforts on both containing new risks and resolving legacy issues, formulated 27 distinctive industry-specific credit policies, and established an approval team that is “willing, capable, daring to approve while avoiding recklessness”. Our efforts in non-performing asset disposal yielded tangible results, successfully achieving the objectives set by the provincial government for centralized collection and revitalization. Notable achievements were made in the reform and risk mitigation of affiliated county banks, marking the province's first successful case of merger and absorption of a county bank. We deepened consumer rights protection, and collaborated in combating illegal financial activities, thereby contributing to local safety and stability.

Reflecting on the year 2025, we persevered with determination, laying a solid foundation for high-quality business development. Aligning with the strategic planning requirements of the national and Henan Provincial “15th Five-Year Plan”, we conducted a thorough review of Zhongyuan Bank's resource endowment and strategic positioning, formulating the Zhongyuan Bank Co., Ltd. Strategic Plan (2025-2030), which clearly outlines our differentiated development pathway through characteristic operations centered on building “Four Banks” and cultivating “Four Distinctive Features”. We further consolidated our business fundamentals, and successfully obtained approval as a direct participant in the RMB Cross-Border Interbank Payment System (CIPS), becoming the first local legal person bank in the six provinces of Central China to receive this recognition. We steadily advanced the “Three Light” transformation, strengthened fixed asset management, and optimized branch network layout. We completed the relocation of the headquarters building of Zhongyuan Bank, unveiling a renewed image to meet customer expectations.

The Dream lofty and the journey long - but bold strides will get us there. The year 2026 marks the launch of the “15th Five-Year Plan”, and a pivotal moment to capitalize on momentum and reach new heights. We will charge ahead like horses with courage, vitality, and energy. We will fully advance characteristic operation and differentiated development, striving to build a first-class city commercial bank, becoming the vanguard in the Henan financial army, and contributing to the advancement of Chinese modernization across Central China. This year, we will continue to prioritize serving our local community, accelerate the implementation of the “Two High-level Priorities and Four Areas of Emphasis (兩高四着力)” financial service plan, deepen the construction of the “Four Banks”, and align with regional development to demonstrate the responsibility and commitment of a local legal entity bank in promoting the high-quality development of the real economy. We will remain customer-centric, refine operations, pursue excellence, enhance financial service efficiency, and reward every measure of trust with superior products and more considerate service. We will continue to make innovation our core driver, firmly cultivate a problem-solving mindset, deepen digital transformation, enhance risk prevention and control capabilities, reinforce the solid defense of prudent operations, and strive to write a new chapter in high-quality development. We are committed to creating greater value for society and dedicating our efforts to reciprocate the trust and support of our customers, investors and all sectors of the society.

Executive Director, President
ZHOU Feng

Chapter 5 Management Discussion and Analysis

1 Past Economic and Financial Environment

During the Reporting Period, external instability and uncertainties were prevalent, with severe challenges to the international economic and trade order. Global economic growth momentum remained weak, with divergent trends of inflation and a cooling labor market. The impact from tariff policies on certain economies continued to emerge, with debts in major economies still at a high level, resulting in uncertainties to global economic growth and inflation.

During the Reporting Period, China implemented more proactive and effective macroeconomic policies, continuously adjusted and optimized its economic structure, accelerated the transition between old and new drivers and deepened the policy of reform and opening up. Overall, the economy pressed forward under pressure and toward innovation and enhancement, successfully achieving main targets of economic and social development. The “14th Five-year Plan” concluded successfully, making a good start of a new journey towards the Second Centenary Goal. Gross domestic product (GDP) amounted to RMB140,187.9 billion, representing a year-on-year increase of 5.0% at constant prices. Market sales expanded, with total retail sales of consumer goods amounting to RMB50,120.2 billion, representing a year-on-year increase of 3.7%. Services sector maintained stable growth, with its added value for the whole year increasing by 5.4%. Imports and exports of goods grew steadily, totaling RMB45,468.7 billion, an increase of 3.8% compared with last year. Prices remained generally stable, with the consumer price index (“CPI”) same as the previous year. Resident income continued to grow, with per capita disposable income reaching RMB43,377, representing a year-on-year increase of 5.0% in real terms. Overall, the national economy sustained its steady upward trajectory under multiple pressures and achieved new results in high-quality development.

During the Reporting Period, Henan province focused on the target system of “1+2+4+N”, proactively integrated into and served the unified national big market, adhered to the principles of “seize, reserve, enhance, and act with strength; counter-cyclical and cross cyclical policies; precision, effectiveness and dedication (抓扭提用力、逆跨順用策、準時效用心)”. It made efforts to stabilize employment, enterprises, markets and expectations, improving the province’s economic trend toward progress, innovation, high quality and strong resilience amid stability. The GDP of Henan Province reached RMB6,663.279 billion, representing a year-on-year increase of 5.6%. The industrial production maintained fast growth, with value added of industries above designated size in the province rising by 8.4% year-on-year, 0.3 percentage points higher than the previous year. Fixed asset investment increased steadily, up 4.0% year-on-year. The consumer market continued to rise, with total retail sales of consumer goods amounting to RMB2,909.050 billion, up 5.6% year-on-year. Foreign trade achieved a record high, with the total value of foreign trade imports and exports amounting to RMB935.67 billion, representing a year-on-year increase of 14.1%.

Chapter 5 Management Discussion and Analysis

During the Reporting Period, the Central Bank implemented a moderately accommodative monetary policy, introducing a package of monetary financial policies based on effective implementation of existing monetary policies to continuously enhance the foresight, precision, and synergy of macro policy, creating a favorable monetary and financial environment for stable growth of economy. The broad money supply (M2) reached RMB340.3 trillion, up 8.5% year-on-year. Aggregate social financing expanded steadily, with outstanding social financing at RMB442.1 trillion, up 8.3% year-on-year. The total volume of credit rose steadily, with the balance of domestic and foreign currency loans of financial institutions reaching RMB275.7 trillion, up 6.2% year-on-year. Moving forward, the Central Bank will accelerate the improvement of the central banking system, establish a scientific and stable monetary policy system and a comprehensive macro prudent management system to ensure the smooth function in transmission mechanism of monetary policy. The Central Bank will balance the relationships between short term and long term, stable growth and risk prevention, internal and external equilibrium and support for real economy and the health of banking system, strengthen the consistency of macroeconomic system, implement counter-cyclical and cross cyclical policies adjustments and enhance the efficiency of macroeconomic governance.

2 Overall Operation Overview

During the Report Period, the Bank focused on the goal of “building a first-class city commercial bank and becoming the vanguard in the Henan financial army,” while accelerating the building of “Four Banks”, overcoming obstacles and forging ahead with determination, with a high-quality development through high-quality party leadership. Overall, its operations demonstrated a sound trend of steady progress and high quality. The Bank ranked 152nd amongst the top 1,000 banks in the world by The Banker (UK) in 2025, won the seventh session “Iron Horse – Top Ten Small and Medium-sized Banks (鐵馬十佳銀行)”, and ranked the 305th on Fortune China 500 in 2025.

The Bank adhered to the principle of pursuing progress while maintaining stability. By solidifying asset quality and improving profitability, the Bank enhanced its capital strength, strengthened foundation for long-term and healthy development, with strategic implementation path being clearer, core momentum of high-quality development continuing to improve. The corporate governance structure continued to improve, internal control system and mechanism became more robust, brand image and social influence gradually improved, and new core competitiveness is rapidly forming. As of the end of the Reporting Period, the Bank’s total assets amounted to RMB1,414.293 billion, representing an increase of RMB49.096 billion, or 3.6%, compared with the end of the previous year. Total loans (excluding accrued interest) reached RMB733.905 billion, up RMB19.45 billion, or 2.7%, compared with the end of the previous year. Deposits (excluding accrued interest) amounted to RMB959.127 billion, representing an increase of RMB69.693 billion, or 7.8%, compared with the end of the previous year. Operating income reached RMB26.507 billion or 2.1%, while net profit amounted to RMB3.576 billion, an increase of 3.1%. The non-performing loan ratio was 1.96%, down 0.06 percentage point from the end of the previous year; the allowance coverage ratio was 165.75%, up 10.72 percentage points from the end of the previous year. The core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio, and capital adequacy ratio was 8.89%, 11.38%, and 13.52%, respectively, representing increases of 0.43, 0.45, and 0.50 percentage point compared with the end of the previous year, reflecting a sustained improvement in capital strength.

Chapter 5 Management Discussion and Analysis

3 Analysis on Income Statement

For the year ended December 31, 2025, the Bank recorded operating income of RMB26.507 billion, representing a year-on-year increase of RMB552 million or 2.1% and net profit of RMB3.576 billion, representing a year-on-year increase of RMB107 million, or 3.1%.

	For the year ended December 31,			
	2025	2024	Change	Rate of change
	(in millions of RMB, except percentages)			
Interest income	45,385.9	48,035.7	(2,649.8)	(5.5%)
Interest expense	(22,867.1)	(26,493.0)	3,625.9	(13.7%)
Net interest income	22,518.8	21,542.7	976.1	4.5%
Fee and commission income	2,503.2	2,825.1	(321.9)	(11.4%)
Fee and commission expense	(1,055.8)	(1,407.0)	351.2	(25.0%)
Net fee and commission income	1,447.4	1,418.1	29.3	2.1%
Net trading gains	100.5	191.8	(91.3)	(47.6%)
Net gains arising from investment securities	2,155.5	2,503.9	(348.4)	(13.9%)
Other operating income ⁽¹⁾	284.8	298.8	(14.0)	(4.7%)
Operating income	26,507.0	25,955.3	551.7	2.1%
Operating expenses	(10,500.9)	(10,449.6)	(51.3)	0.5%
Impairment losses on assets	(13,715.4)	(12,885.6)	(829.8)	6.4%
Share of profits of joint venture	(8.0)	130.4	(138.4)	N/A
Operating profit	2,282.7	2,750.5	(467.8)	(17.0%)
Profit before tax	2,282.7	2,750.5	(467.8)	(17.0%)
Income tax	1,293.5	719.2	574.3	79.9%
Net profit	3,576.2	3,469.7	106.5	3.1%
Net profit attributable to equity shareholders of the Bank	3,588.6	3,445.9	142.7	4.1%
Non-controlling interests	(12.4)	23.8	(36.2)	N/A

Note:

- (1) Other operating income includes government subsidies, rental income, net gains arising from disposal of property and equipment, etc.

Chapter 5 Management Discussion and Analysis

3.1 Net interest income, net interest spread and net interest margin

For the year ended December 31, 2025, the Bank recorded net interest income of RMB22.519 billion, representing a year-on-year increase of RMB976 million or 4.5%. Among this, an increase of net interest income of RMB237 million as compared to last year was attributable to the changes in the Bank's business scale and an increase of net interest income of RMB739 million was attributable to the changes in yield or cost rate.

The following table sets forth the average balance of the Bank's interest-earning assets and interest-bearing liabilities, interest income and expense from these assets and liabilities, and the average yield of these interest-earning assets and the average cost rate of these interest-bearing liabilities for the year ended December 31, 2025 and 2024.

	For the year ended December 31,					
	2025			2024		
	Average balance	Interest income/expense	Average yield/cost ⁽¹⁾	Average balance	Interest income/expense	Average yield/cost ⁽¹⁾
(in millions of RMB, except percentages)						
Interest-earning assets						
Loans and advances to customers	711,197.7	29,046.9	4.08%	707,940.2	31,841.8	4.50%
Investment securities and other financial assets ⁽²⁾	363,585.0	9,068.9	2.49%	371,516.1	8,725.5	2.35%
Lease receivables	75,631.1	4,028.9	5.33%	77,705.0	4,060.0	5.22%
Deposits with the Central Bank	53,804.7	785.4	1.46%	57,920.3	747.4	1.29%
Deposits with banks and other financial institutions	43,009.0	610.5	1.42%	35,339.0	625.8	1.77%
Financial assets held under resale agreements	32,559.6	554.7	1.70%	44,604.9	861.3	1.93%
Placements with banks and other financial institutions	57,500.2	1,290.6	2.24%	46,192.2	1,173.9	2.54%
Total interest-earning assets	1,337,287.3	45,385.9	3.39%	1,341,217.7	48,035.7	3.58%
Interest-bearing liabilities						
Deposits from customers	928,866.6	16,399.8	1.77%	942,458.8	18,616.2	1.98%
Financial assets sold under repurchase agreements	33,182.7	565.3	1.70%	58,057.8	1,077.5	1.86%
Placements from banks and other financial institutions	63,371.3	1,469.1	2.32%	63,856.0	1,749.4	2.74%
Borrowings from the Central Bank	43,056.1	756.8	1.76%	62,421.2	1,397.3	2.24%
Deposits from banks and other financial institutions	57,351.5	1,022.9	1.78%	34,087.7	779.2	2.29%
Debt securities issued ⁽³⁾	140,273.9	2,653.2	1.89%	123,220.1	2,873.4	2.33%
Total interest-bearing liabilities	1,266,102.1	22,867.1	1.81%	1,284,101.6	26,493.0	2.06%
Net interest income		22,518.8			21,542.7	
Net interest spread⁽⁴⁾			1.58%			1.52%
Net interest margin⁽⁵⁾			1.68%			1.61%

Chapter 5 Management Discussion and Analysis

Notes:

- (1) Calculated by dividing interest income/expense by average balance.
- (2) Such interest-earning assets consist of financial assets at amortized cost and financial assets at fair value through other comprehensive income.
- (3) Mainly consists of interbank deposits issued, financial bonds and tier-2 capital bonds.
- (4) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities, and based on daily average interest-earning assets and interest-bearing liabilities.
- (5) Calculated by dividing net interest income by the average balance of total interest-earning assets, and based on daily average interest-earning assets.

The following table sets forth the changes in the Bank's interest income and interest expense due to changes in volume and rate for the periods indicated. Changes in volume are measured by changes in the average balances of the Bank's interest-earning assets and interest-bearing liabilities and changes in rate are measured by changes in the average rates of the Bank's interest-earning assets and interest-bearing liabilities. Effects of changes caused by both volume and rate have been allocated to changes in interest.

Chapter 5 Management Discussion and Analysis

For the year ended December 31,
2025 vs 2024

Reasons for increase/(decrease)

	Volume ⁽¹⁾	Rate ⁽²⁾	Net increase/ (decrease) ⁽³⁾
(in millions of RMB)			
Interest-earning assets			
Loans and advances to customers	146.5	(2,941.4)	(2,794.9)
Investment securities and other financial assets	(186.3)	529.7	343.4
Lease receivables	(108.4)	77.3	(31.1)
Deposits with the Central Bank	(53.1)	91.1	38.0
Deposits with banks and other financial institutions	135.8	(151.1)	(15.3)
Financial assets held under resale agreements	(232.6)	(74.0)	(306.6)
Placements with banks and other financial institutions	287.4	(170.7)	116.7
Changes in interest income	(10.7)	(2,639.1)	(2,649.8)
Interest-bearing liabilities			
Deposits from customers	(268.5)	(1,947.9)	(2,216.4)
Financial assets sold under repurchase agreements	(461.7)	(50.5)	(512.2)
Placements from banks and other financial institutions	(13.3)	(267.0)	(280.3)
Borrowings from the Central Bank	(433.5)	(207.0)	(640.5)
Deposits from banks and other financial institutions	531.8	(288.1)	243.7
Debt securities issued	397.7	(617.9)	(220.2)
Changes in interest expense	(247.5)	(3,378.4)	(3,625.9)

Notes:

- (1) Represents the average balance for the year minus the average balance for the previous year, multiplied by the average yield/cost for the previous year.
- (2) Represents the average yield/cost for the year minus the average yield/cost for the previous year, multiplied by the average balance for the year.
- (3) Represents the interest income/expense for the year minus the interest income/expense for the previous year.

Chapter 5 Management Discussion and Analysis

3.2 Interest Income

For the year ended December 31, 2025, the Bank recorded an interest income of RMB45,386 million, representing a decrease of RMB2,650 million or 5.5% as compared with the same period of last year, primarily attributable to the decrease in the interest income from loans and advances to customers and financial assets held under resale agreements.

3.2.1 Interest income from loans and advances to customers

For the year ended December 31, 2025, the Bank's interest income from loans and advances to customers was RMB29,047 million, representing a decrease of RMB2,795 million or 8.8% as compared to the same period of last year, primarily attributable to the Bank's active support to the development of the real economy by further lowering the interest rate in order to reduce the financing costs of enterprises.

The following table sets out, for the periods indicated, the average balance, interest income and average yield for each component of the Bank's loans and advances to customers.

	For the year ended December 31,			2024		
	Average balance	2025 Interest income	Average yield	Average balance	Interest income	Average yield
	(in millions of RMB, except percentages)					
Corporate loans	415,352.5	18,372.3	4.42%	395,809.9	19,832.7	5.01%
Discounted bills	27,146.8	188.6	0.69%	33,682.3	450.1	1.34%
Personal loans	268,698.4	10,486.0	3.90%	278,448.0	11,559.0	4.15%
Total	711,197.7	29,046.9	4.08%	707,940.2	31,841.8	4.50%

3.2.2 Interest income from investment securities and other financial assets

For the year ended December 31, 2025, the Bank's interest income from investment securities and other financial assets was RMB9,069 million, representing an increase of RMB343 million or 3.9% as compared to the same period of last year, primarily attributable to the increase in the average yield of investment securities and other financial assets.

3.2.3 Interest income from lease receivables

For the year ended December 31, 2025, the Bank's interest income from lease receivables was RMB4,029 million, representing a year-on-year decrease of RMB31 million or 0.8%, primarily attributable to the decrease in the average balance of finance lease receivables.

Chapter 5 Management Discussion and Analysis

3.2.4 Interest income from deposits with the Central Bank

For the year ended December 31, 2025, the Bank's interest income from deposits with the Central Bank was RMB785 million, representing an increase of RMB38 million or 5.1% as compared to the same period of last year, primarily attributable to the increase in the average yield from deposits with the Central Bank.

3.2.5 Interest income from deposits with banks and other financial institutions

For the year ended December 31, 2025, the Bank's interest income from deposits with banks and other financial institutions was RMB611 million, representing a decrease of RMB15 million or 2.4% as compared to the same period of last year, primarily attributable to the decrease in the average yield of deposits with banks and other financial institutions.

3.2.6 Interest income from financial assets held under resale agreements

For the year ended December 31, 2025, the Bank's interest income from financial assets held under resale agreements was RMB555 million, representing a decrease of RMB307 million or 35.6% as compared to the same period of last year, primarily attributable to the decrease in the average balance and average yield of financial assets held under resale agreements.

3.2.7 Interest income from placements with banks and other financial institutions

For the year ended December 31, 2025, the Bank's interest income from placements with banks and other financial institutions was RMB1,291 million, representing an increase of RMB117 million or 9.9% as compared to the same period of last year, primarily attributable to the increase in the average balance of placements with banks and other financial institutions.

Chapter 5 Management Discussion and Analysis

3.3 Interest expense

For the year ended December 31, 2025, the Bank's interest expense was RMB22,867 million, representing a decrease of RMB3,626 million or 13.7% as compared to the same period of last year, primarily attributable to the decrease in deposits from customers and interest expenses on borrowing from the central bank.

3.3.1 Interest expense on deposits from customers

For the year ended December 31, 2025, the Bank's interest expense on deposits from customers was RMB16,400 million, representing a decrease of RMB2,216 million or 11.9% as compared to the same period of last year, primarily attributable to a decrease in the Bank's average balance of deposits from customers and average cost.

	For the year ended December 31,					
	Average balance	2025 Interest expense	Average cost	Average balance	2024 Interest expense	Average cost
	(in millions of RMB, except percentages)					
Corporate deposits						
Demand	131,650.7	828.9	0.63%	143,523.9	911.3	0.63%
Time	208,166.3	3,916.1	1.88%	185,775.5	4,435.4	2.39%
Sub-total	339,817.0	4,745.0	1.40%	329,299.4	5,346.7	1.62%
Personal deposits						
Demand	107,814.1	181.0	0.17%	110,637.8	314.1	0.28%
Time	481,235.5	11,473.8	2.38%	502,521.6	12,955.4	2.58%
Sub-total	589,049.6	11,654.8	1.98%	613,159.4	13,269.5	2.16%
Total deposits from customers	928,866.6	16,399.8	1.77%	942,458.8	18,616.2	1.98%

3.3.2 Interest expense on debt securities issued

For the year ended December 31, 2025, the Bank's interest expense on debt securities issued was RMB2,653 million, representing a decrease of RMB220 million or 7.7% as compared to the same period of last year, primarily attributable to the decrease in the average cost of debt securities issued.

3.3.3 Interest expense on placements from banks and other financial institutions

For the year ended December 31, 2025, the Bank's interest expense on placements from banks and other financial institutions was RMB1,469 million, representing a decrease of RMB280 million or 16.0% as compared to the same period of last year, primarily attributable to the decrease in the average balance and average cost of placements from banks and other financial institutions.

3.3.4 Net interest spread and net interest margin

The Bank's net interest spread increased from 1.52% last year to 1.58% this year, while the Bank's net interest margin increased from 1.61% for last year to 1.68% for the current year.

Chapter 5 Management Discussion and Analysis

3.4 Non-interest income

3.4.1 Net fee and commission income

For the year ended December 31, 2025, the Bank's net fee and commission income was RMB1,447 million, representing an increase of RMB29 million or 2.1% as compared to the same period of last year, primarily attributable to the decrease in fee and commission expenses.

	For the year ended December 31,			
	2025	2024	Change	Rate of change
	(in millions of RMB, except percentages)			
Fee and commission income				
Bank card services fees	458.8	535.8	(77.0)	(14.4%)
Settlement and clearing services fees	704.9	733.1	(28.2)	(3.8%)
Agency services fees	194.9	191.2	3.7	1.9%
Underwriting fees	362.1	314.8	47.3	15.0%
Acceptance and guarantee services fees	193.1	267.9	(74.8)	(27.9%)
Advisory and consulting fees	222.4	264.4	(42.0)	(15.9%)
Custodial services fees	12.9	4.2	8.7	207.1%
Wealth management business fees	354.1	513.7	(159.6)	(31.1%)
Sub-total	2,503.2	2,825.1	(321.9)	(11.4%)
Fee and commission expenses	(1,055.8)	(1,407.0)	351.2	(25.0%)
Net fee and commission income	1,447.4	1,418.1	29.3	2.1%

3.4.2 Net trading gains

For the year ended December 31, 2025, the Bank's net trading gains were RMB101 million, representing a decrease of RMB91 million or 47.6% as compared to the same period of last year, primarily attributable to a year-on-year decrease in net exchange gains.

3.4.3 Net gains arising from investment securities

For the year ended December 31, 2025, the Bank's net gains arising from investment securities amounted to RMB2,156 million, representing a decrease of RMB348 million or 13.9% as compared to the same period of last year, primarily attributable to the decrease in the gains of financial investments at fair value through profit or loss.

Chapter 5 Management Discussion and Analysis

3.5 Operating expenses

For the year ended December 31, 2025, the Bank's operating expenses increased by RMB51 million or 0.5% to RMB10,501 million as compared to the same period of last year.

	For the year ended December 31,			
	2025	2024	Change	Rate of change
	(in millions of RMB, except percentages)			
Staff costs				
Salaries, bonuses and allowances	4,515.6	4,418.6	97.0	2.2%
Staff welfare	241.4	223.6	17.8	8.0%
Social insurance and annuity	1,208.2	1,138.8	69.4	6.1%
Housing fund	411.5	413.0	(1.5)	(0.4%)
Employee education expenses and labor union expenses	136.8	155.4	(18.6)	(12.0%)
Others ⁽¹⁾	119.9	119.6	0.3	0.3%
Sub-total of staff costs	6,633.4	6,469.0	164.4	2.5%
Tax and surcharges	338.0	378.7	(40.7)	(10.7%)
Depreciation and amortisation	1,366.4	1,520.1	(153.7)	(10.1%)
Other general and administrative expenses	2,163.1	2,081.8	81.3	3.9%
Total	10,500.9	10,449.6	51.3	0.5%

Note:

(1) Primarily included dispatched labor fees and supplementary retirement benefits.

Chapter 5 Management Discussion and Analysis

3.6 Impairment losses

For the year ended December 31, 2025, the Bank's impairment losses increased by RMB830 million or 6.4% to RMB13,715 million as compared to the same period of last year, primarily due to the continuous efforts of the Bank to make provisions, effectively improving the risk compensation capability.

	For the year ended December 31,			
	2025	2024	Change	Rate of change
	(in millions of RMB, except percentages)			
Loans and advances to customers	6,425.1	3,839.8	2,585.3	67.3%
Investment securities and other financial assets ⁽¹⁾	4,975.0	7,106.1	(2,131.1)	(30.0%)
Lease receivables	1,446.5	979.1	467.4	47.7%
Other assets ⁽²⁾	868.8	960.6	(91.8)	(9.6%)
Total impairment losses	13,715.4	12,885.6	829.8	6.4%

Notes:

- (1) The impairment losses on such assets include impairment losses on financial investments at amortized cost and financial investments at fair value through other comprehensive income.
- (2) The impairment losses on such assets mainly include impairment losses on deposits with banks and other financial institutions, placements with banks and other financial institutions, financial assets held under resale agreements, off-balance sheet credit assets, repossessed assets, fixed assets, interest receivables and other receivables.

3.7 Income tax

For the year ended December 31, 2025, the Bank's income tax decreased by RMB574 million to RMB-1,294 million as compared to the same period of last year, primarily attributable to the combined effect of the increase in non-taxable income and temporary differences in tax accounting.

	For the year ended December 31,			
	2025	2024	Change	Rate of change
	(in millions of RMB, except percentages)			
Current income tax	609.4	347.3	262.1	75.5%
Deferred income tax	(1,902.9)	(1,066.5)	(836.4)	78.4%
Total income tax	(1,293.5)	(719.2)	(574.3)	79.9%

Chapter 5 Management Discussion and Analysis

4 Analysis on Major Items of Assets and Liabilities

4.1 Assets

As of the end of the Reporting Period, the Bank's total assets increased by RMB49,096 million or 3.6% to RMB1,414,293 million as compared to the end of last year. The principal components of the Bank's assets consist of (i) loans and advances to customers (net); and (ii) investment securities and other financial assets (net), representing 50.7% and 29.1% of the Bank's total assets as of December 31, 2025, respectively.

The following table sets forth the components of the Bank's total assets as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Gross loans and advances to customers	740,596.7	52.4%	719,653.2	52.7%
Allowance for impairment losses	(23,897.0)	(1.7%)	(21,808.0)	(1.6%)
Net loans and advances to customers	716,699.7	50.7%	697,845.2	51.1%
Lease receivables	67,209.3	4.8%	68,208.9	5.0%
Investment securities and other financial assets	410,999.9	29.1%	413,852.8	30.3%
Financial assets held under resale agreements	38,560.2	2.7%	23,797.5	1.7%
Cash and deposits with Central Bank	58,607.8	4.1%	65,828.4	4.8%
Deposits with banks and other financial institutions	36,555.5	2.6%	22,114.8	1.6%
Placements with banks and other financial institutions	52,214.3	3.7%	43,520.1	3.2%
Derivative financial assets	57.0	0.0%	21.6	0.0%
Interest in associate	–	0.0%	257.2	0.0%
Interest in joint venture	2,038.8	0.1%	1,790.3	0.1%
Other assets ⁽¹⁾	31,350.9	2.2%	27,960.2	2.2%
Total assets	1,414,293.4	100.0%	1,365,197.0	100.0%

Note:

- (1) Primarily consist of properties and equipment, deferred income tax assets, goodwill and other assets.

Chapter 5 Management Discussion and Analysis

4.1.1 Loans and advances to customers

As of the end of the Reporting Period, the Bank's gross loans and advances to customers increased by RMB20,944 million or 2.9% to RMB740,597 million as compared to the end of last year. The Bank's loans and advances to customers consist of corporate loans, personal loans and discounted bills, representing 57.0%, 36.8% and 5.3% of the Bank's gross loans and advances to customers as of December 31, 2025, respectively.

The following table sets forth the distribution of the Bank's loans by business line as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Corporate loans	421,838.3	57.0%	409,824.4	56.9%
Personal loans	272,967.0	36.8%	265,378.6	36.9%
Discounted bills	39,099.8	5.3%	39,252.2	5.5%
Sub-total	733,905.1	99.1%	714,455.2	99.3%
Accrued interest	6,691.6	0.9%	5,198.0	0.7%
Total loans and advances to customers	740,596.7	100.0%	719,653.2	100.0%

(1) Corporate loans

As of the end of the Reporting Period, the Bank's corporate loans increased by RMB12,014 million or 2.9% to RMB421,838 million as compared to the end of last year, primarily attributable to the Bank's continuously increasing support to the real economy.

The following table sets forth a breakdown of the Bank's corporate loans by collateral as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Unsecured loans	92,599.1	22.0%	60,130.3	14.7%
Guaranteed loans	172,417.5	40.8%	172,889.7	42.2%
Collateralised loans	90,122.6	21.4%	87,774.3	21.4%
Pledged loans	66,699.1	15.8%	89,030.1	21.7%
Total corporate loans	421,838.3	100.0%	409,824.4	100.0%

Chapter 5 Management Discussion and Analysis

(2) Personal loans

As of the end of the Reporting Period, the Bank's personal loans increased by RMB7,588 million or 2.9% to RMB272,967 million as compared to the end of last year, primarily attributable to the Bank's further increased support for the growth of social consumption.

The following table sets forth a breakdown of the Bank's personal loans by product type as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Personal residential mortgage loans	126,939.9	46.5%	123,407.0	46.5%
Personal business loans	71,624.0	26.2%	69,936.5	26.4%
Personal consumption loans	55,865.1	20.5%	51,410.9	19.4%
Credit card loans	18,538.0	6.8%	20,624.2	7.7%
Total personal loans	272,967.0	100.0%	265,378.6	100.0%

(3) Discounted bills

As of the end of the Reporting Period, the Bank's discounted bills decreased by RMB152 million or 0.4% to RMB39,100 million as compared to the end of last year.

4.1.2 Investment securities and other financial assets

As of the end of the Reporting Period, the Bank's net investment securities and other financial assets decreased by RMB2,853 million or 0.7% to RMB411,000 million as compared to the end of last year, primarily attributable to the year-on-year decline in asset management plans and public funds.

The following table sets forth the composition of the Bank's investment securities and other financial assets as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Financial assets at fair value through profit or loss	55,528.5	13.0%	84,936.8	19.8%
Financial assets at fair value through other comprehensive income	108,461.0	25.3%	88,501.3	20.7%
Financial assets at amortized cost	264,713.6	61.7%	254,668.0	59.5%
Total investment securities and other financial assets	428,703.1	100.0%	428,106.1	100.0%
Accrued interest	4,061.0		3,641.0	
Impairment provisions	(21,764.2)		(17,894.3)	
Net investment securities and other financial assets	410,999.9		413,852.8	

Chapter 5 Management Discussion and Analysis

The following table sets forth the distribution of the Bank's investment securities and other financial assets as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Debt securities				
Debt securities issued by the PRC government	207,415.8	50.5%	196,112.2	47.4%
Debt securities issued by PRC policy banks and other financial institutions	158,836.5	38.6%	132,002.9	31.9%
Debt securities issued by corporate issuers	12,240.4	3.0%	9,259.3	2.2%
Sub-total	378,492.7	92.1%	337,374.4	81.5%
Other financial assets				
Asset management plans	53.6	0.0%	3,373.4	0.8%
Trust plans	9,071.2	2.2%	15,067.9	3.6%
Others	19,321.4	4.7%	54,396.1	13.1%
Sub-total	28,446.2	6.9%	72,837.4	17.5%
Accrued interest	4,061.0	1.0%	3,641.0	1.0%
Net investment securities and other financial assets	410,999.9	100.0%	413,852.8	100.0%

4.1.3 Other components of the Bank's assets

Other components of the Bank's assets consist primarily of (i) financial assets held under resale agreements; (ii) cash and deposits with the Central Bank; (iii) deposits with banks and other financial institutions; (iv) placements with banks and other financial institutions; (v) lease receivables; and (vi) other assets.

As of the end of the Reporting Period, the balance of financial assets held under resale agreements increased by RMB14,763 million or 62.0% to RMB38,560 million as compared to the end of last year, primarily attributable to the Bank's adjustment of the size of the financial assets held under short-term resale agreements after taking comprehensive consideration of its own liquidity and market prices of various liquid assets.

As of the end of the Reporting Period, the balance of cash and deposits with the Central Bank decreased by RMB7,221 million or 11.0% to RMB58,608 million as compared to the end of last year, primarily attributable to the Bank's improvement of the efficiency of capital utilization on the basis of ensuring its own reasonable and sufficient liquidity and appropriate reduction of excess reserves.

As of the end of the Reporting Period, the balance of deposits with banks and other financial institutions increased by RMB14,441 million or 65.3% to RMB36,556 million as compared to the end of last year, primarily attributable to the Bank's adjustment of the size of the deposits with banks and other financial institutions after consideration of its own liquidity and market prices of various liquid assets.

Chapter 5 Management Discussion and Analysis

As of the end of the Reporting Period, the balance of placements with banks and other financial institutions increased by RMB8,694 million or 20.0% to RMB52,214 million as compared to the end of last year, primarily attributable to the Bank's adjustment of the size of the placements with banks and other financial institutions in accordance with its own asset allocation demand and market price.

As of the end of the Reporting Period, the balance of lease receivables decreased by RMB1,000 million or 1.5% to RMB67,209 million as compared to the end of last year.

4.2 Liabilities

As of the end of the Reporting Period, the Bank's total liabilities increased by RMB50,154 million or 4.0% to RMB1,314,968 million as compared to the end of last year.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Deposits from customers	981,289.4	74.6%	911,799.8	72.1%
Deposits from banks and other financial institutions	78,075.9	5.9%	52,658.6	4.2%
Debt securities issued	92,650.7	7.0%	146,878.4	11.6%
Financial assets sold under repurchase agreements	25,631.3	2.1%	34,874.8	2.8%
Placements from banks and other financial institutions	64,752.8	4.9%	60,771.6	4.8%
Borrowings from the Central Bank	58,404.6	4.4%	44,035.5	3.5%
Tax payable	252.2	0.0%	156.1	0.0%
Derivative financial liabilities	2.9	0.0%	174.2	0.0%
Other liabilities ⁽¹⁾	13,908.2	1.1%	13,464.7	1.0%
Total liabilities	1,314,968.0	100.0%	1,264,813.7	100.0%

Note:

- (1) Consist of payment and collection clearance accounts, staff salaries payable, finance lease deposits payable, lease liabilities, other tax payable, dividends payable, provisions, continuing involvement liabilities and other payables.

4.2.1 Deposits from customers

As of the end of the Reporting Period, the Bank's total deposits from customers increased by RMB69,490 million or 7.6% to RMB981,289 million as compared to the end of last year, primarily attributable to the Bank's continued efforts to improve financial service capabilities, which effectively drove an increase in deposits.

Chapter 5 Management Discussion and Analysis

The following table sets forth the Bank's deposits from customers by product type and maturity profile of deposits as of the dates indicated.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Corporate deposits				
Demand	136,165.1	13.9%	129,003.9	14.1%
Time	221,176.8	22.5%	201,490.2	22.1%
Sub-total	357,341.9	36.4%	330,494.1	36.2%
Personal deposits				
Demand	112,898.4	11.5%	102,655.5	11.3%
Time	488,886.8	49.8%	456,284.6	50.0%
Sub-total	601,785.2	61.3%	558,940.1	61.3%
Accrued interest	22,162.3	2.3%	22,365.6	2.5%
Total deposits from customers	981,289.4	100.0%	911,799.8	100.0%

4.2.2 Deposits from banks and other financial institutions

As of the end of the Reporting Period, the Bank's balance of deposits from banks and other financial institutions increased by RMB25,417 million or 48.3% to RMB78,076 million as compared to the end of last year, primarily attributable to the Bank's adjustment of banks' liability structure and appropriate increase of deposits from banks with flexible term and other financial institutions.

4.2.3 Placements from banks and other financial institutions

As of the end of the Reporting Period, the Bank's balance of placements from banks and other financial institutions increased by RMB3,981 million or 6.6% to RMB64,753 million as compared to the end of last year, primarily because of the Bank's adjustment of the size of the placements from banks and other financial institutions after taking comprehensive consideration of the Bank's liquidity and capital cost.

4.2.4 Debt securities issued

As of the end of the Reporting Period, the Bank's balance of debt securities issued decreased by RMB54,228 million or 36.9% to RMB92,651 million as compared to the end of last year, primarily due to the Bank's appropriate reduction of medium-to-long term active liability and reduction of certificates of interbank deposits.

4.2.5 Financial assets sold under repurchase agreements

As of the end of the Reporting Period, the Bank's balance of financial assets sold under repurchase agreements decreased by RMB9,244 million or 26.5% to RMB25,631 million as compared to the end of last year, primarily because of the Bank's adjustments of financial assets sold under repurchase agreements after taking comprehensive consideration of the Bank's liquidity and capital cost.

Chapter 5 Management Discussion and Analysis

4.3 Shareholders' Equity

As of the end of the Reporting Period, the Bank's total shareholders' equity decreased by RMB1,058 million or 1.1% to RMB99,325 million as compared to the end of last year; the total equity attributable to shareholders of the Bank decreased by RMB321 million or 0.3% to RMB96,237 million as compared to the end of last year.

	As of December 31, 2025		As of December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Share capital	36,549.8	36.8%	36,549.8	36.4%
Other equity instruments	12,998.9	13.1%	13,998.9	13.9%
Capital reserve	18,938.2	19.1%	19,004.4	18.9%
Surplus reserve	3,739.8	3.8%	3,419.3	3.4%
General reserve	18,716.7	18.8%	16,679.1	16.6%
Re-evaluation and impairment reserve	370.7	0.4%	2,123.6	2.1%
Retained earnings	4,922.5	4.9%	4,782.6	4.8%
Equity attributable to shareholders of the Bank	96,236.6	96.9%	96,557.7	96.1%
Non-controlling interests	3,088.8	3.1%	3,825.6	3.9%
Total shareholders' equity	99,325.4	100.0%	100,383.3	100.0%

5 Off-Balance Sheet Commitments

The following table sets forth the amounts of the Bank's off-balance sheet credit commitments as of the dates indicated.

	As of December 31, 2025	As of December 31, 2024
(in millions of RMB)		
Credit commitments		
Loan commitments	20,254.2	16,178.4
Bank acceptance	87,501.1	77,847.8
Letters of credit	34,085.4	34,866.5
Letters of guarantees	3,921.0	2,783.7
Total	145,761.7	131,676.4

Chapter 5 Management Discussion and Analysis

6 Analysis on Loan Quality

During the Reporting Period, in the face of the complicated economic and financial situation, the Bank deepened the adjustment of credit structure, continued to strengthen credit risk management. By optimizing credit procedures and strengthening post-loan management measures, stepping up its efforts on the collection and disposal of non-performing loans and other measures, the Bank promoted the loan quality to maintain generally stable. As of the Reporting Period, the balance of non-performing loans of the Bank amounted to RMB14,390 million, representing a decrease of RMB68 million as compared to the end of last year. The non-performing loan ratio was 1.96%, representing a decrease of 0.06 percentage point as compared to the end of last year.

6.1 Distribution of Loans by Five-Category Loan Classification

The following table sets forth, as of the dates indicated, the Bank's loans by its five-category loan classification. According to the five-category loan classification system, the Bank classified its non-performing loans into substandard, doubtful and loss categories.

	As of December 31, 2025		As of December 31, 2024	
	Amount	%	Amount	%
	(In millions of RMB, except percentages)			
Normal	695,472.0	94.76%	676,994.4	94.76%
Special mention	24,043.5	3.28%	23,002.8	3.22%
Substandard	3,727.1	0.51%	3,347.9	0.47%
Doubtful	725.8	0.10%	1,155.8	0.16%
Loss	9,936.7	1.35%	9,954.4	1.39%
Total loans and advances to customers	733,905.1	100.00%	714,455.3	100.00%
Non-performing loans and non-performing loan ratio	14,389.6	1.96%	14,458.0	2.02%

Note: Non-performing loan ratio is calculated by dividing the balance of non-performing loans by total loans and advances to customers.

Chapter 5 Management Discussion and Analysis

6.2 Distribution of Loans and Non-Performing Loans by Product Type

The following table sets forth, as of the dates indicated, the Bank's loans and non-performing loans by product type.

	As of December 31, 2025				As of December 31, 2024			
	Loan amount	%	NPL amount	NPL Ratio ⁽⁴⁾	Loan amount	%	NPL amount	NPL ratio
(in millions of RMB, except percentages)								
Corporate loans								
Short-term loans ⁽¹⁾	163,651.2	22.3%	1,946.0	1.19%	166,390.2	23.3%	4,084.7	2.45%
Medium-to-long-term loans ⁽²⁾	258,187.1	35.2%	4,792.9	1.86%	243,434.2	34.1%	2,499.2	1.03%
Sub-total	421,838.3	57.5%	6,738.9	1.60%	409,824.4	57.4%	6,583.9	1.61%
Personal loans								
Personal residential mortgage loans	126,939.9	17.3%	2,037.2	1.60%	123,407.0	17.2%	1,728.9	1.40%
Personal consumption loans	55,865.1	7.6%	1,895.1	3.39%	51,410.9	7.2%	1,666.5	3.24%
Personal business loans	71,624.0	9.8%	2,734.9	3.82%	69,936.5	9.8%	3,403.9	4.87%
Others ⁽³⁾	18,538.0	2.5%	983.5	5.31%	20,624.2	2.9%	1,074.8	5.21%
Sub-total	272,967.0	37.2%	7,650.7	2.80%	265,378.6	37.1%	7,874.1	2.97%
Discounted bills	39,099.8	5.3%	–	0.00%	39,252.2	5.5%	–	0.00%
Total	733,905.1	100.0%	14,389.6	1.96%	714,455.3	100.0%	14,458.0	2.02%

Note:

- (1) Short-term loans include loans with a maturity of one year or less and advances.
- (2) Medium-to-long-term loans include loans with a maturity of more than one year.
- (3) Others mainly include credit cards.
- (4) Non-performing loan ratio is calculated by dividing the balance of non-performing loans in each product type by gross loans in that product type.

As of the end of the Reporting Period, the balance of corporate non-performing loans of the Bank amounted to RMB6,739 million, representing an increase of RMB155 million as compared with the end of last year. The non-performing loan ratio was 1.60%, representing a decrease of 0.01 percentage point as compared with the end of last year. The slight increase in balance of corporate non-performing loans of the Bank was primarily due to the impact of macroeconomic environment on some enterprises, leading to fluctuations in operational and solvency capabilities, which has resulted in a normal and reasonable range of variation in non-performing loans.

- (5) The decrease in bill scale was mainly due to the impact of the new regulations on bills, coupled with relatively low bill yields in the market. The Bank has proactively optimized asset structure allocation and moderately reduced the bill scale.

Chapter 5 Management Discussion and Analysis

6.3 Distribution of Loans and Non-Performing Loans by Industry

	As of December 31, 2025				As of December 31, 2024			
	Loan amount	%	NPL amount	NPL ratio	Loan amount	%	NPL amount	NPL ratio
(in millions of RMB, except percentages)								
Manufacturing	56,740.5	7.8%	1,298.7	2.29%	50,607.9	7.1%	1,610.8	3.18%
Leasing and business services	147,707.7	20.1%	292.3	0.20%	148,291.3	20.8%	299.8	0.20%
Wholesale and retail	43,342.7	5.9%	1,536.9	3.55%	43,096.4	6.0%	1,521.2	3.53%
Real estate	25,002.1	3.4%	1,473.5	5.89%	28,180.2	3.9%	1,244.6	4.42%
Construction	43,525.0	6.0%	792.9	1.82%	42,267.8	5.9%	756.5	1.79%
Water, environment and public facility management	30,950.8	4.2%	120.8	0.39%	28,080.9	3.9%	61.6	0.22%
Electricity, gas and water production and supply	18,570.2	2.5%	302.1	1.63%	15,825.6	2.2%	70.9	0.45%
Agriculture, forestry, animal husbandry and fishery	3,518.1	0.5%	201.6	5.73%	5,344.3	0.7%	304.9	5.71%
Accommodation and catering	2,501.1	0.4%	135.2	5.41%	2,479.8	0.3%	150.9	6.09%
Education	6,914.3	0.9%	29.8	0.43%	7,635.9	1.1%	23.7	0.31%
Health, social security and social welfare	10,432.4	1.4%	80.3	0.77%	8,565.0	1.2%	90.9	1.06%
Mining	9,777.9	1.3%	21.3	0.22%	7,901.8	1.1%	36.5	0.46%
Transportation, storage and postal services	7,383.2	1.0%	28.6	0.39%	6,848.5	1.0%	21.5	0.31%
Others	15,472.3	2.1%	424.9	2.75%	14,699.0	2.2%	390.1	2.65%
Total corporate loans	421,838.3	57.5%	6,738.9	1.60%	409,824.4	57.4%	6,583.9	1.61%
Total personal loans	272,967.0	37.2%	7,650.7	2.80%	265,378.6	37.1%	7,874.1	2.97%
Discounted bills	39,099.8	5.3%	0.00	0.00%	39,252.2	5.5%	0.00	0.00%
Total	733,905.1	100.0%	14,389.6	1.96%	714,455.3	100.0%	14,458.0	2.02%

Note: Non-performing loan ratio of an industry is calculated by dividing the balance of non-performing loans of the industry by the balance of loans granted to the industry.

As of the end of the Reporting Period, the industries where the non-performing loan ratios of the corporate loans of the Bank were relatively high, mainly concentrated in the real estate, agriculture, forestry, animal husbandry and fishery and the accommodation and catering, with non-performing loan ratios of 5.89%, 5.73% and 5.41%, respectively, of which:

- (i) the balance of non-performing loans in the real estate industry increased by RMB229 million as compared with the end of last year, with an increase of approximately 1.47 percentage point in the non-performing loan ratio, mainly due to the decline in market demand and the increased pressure of corporate to repay debt maturity.

Chapter 5 Management Discussion and Analysis

- (ii) the balance of non-performing loans in the agriculture, forestry, animal husbandry and fishery sectors decreased by RMB103 million as compared with the end of last year, with an increase of 0.02 percentage points in the non-performing loan ratio, mainly due to increased policy support, enhanced operational stability within the industry and the recovery of agricultural product prices, both of these factors improved corporate profitability and repayment capabilities and reduced the balance of non-performing loans.
- (iii) the balance of non-performing loans in the accommodation and catering decreased by RMB16 million as compared with the end of last year, with a decrease of 0.68 percentage point in the non-performing loan ratio, mainly due to the recovery of residents' consumption demand, boosting good operating performance in accommodation and catering sector, and quality in relevant asset improved accordingly.

6.4 Distribution of Loans and Non-Performing Loans by Collateral

The following table sets forth, as of the dates indicated, the Bank's loans and non-performing loans by collateral.

	As of December 31, 2025				As of December 31, 2024			
	Loan amount	%	NPL amount	NPL ratio	Loan amount	%	NPL amount	NPL ratio
(in millions of RMB, except percentages)								
Unsecured loans	163,652.7	22.3%	3,247.4	1.98%	160,326.0	22.5%	3,257.7	2.03%
Guaranteed loans	182,272.7	24.8%	3,672.1	2.01%	182,496.1	25.5%	4,060.3	2.22%
Collateralised loans	287,700.9	39.2%	7,216.9	2.51%	282,307.3	39.5%	6,880.8	2.44%
Pledged loans	100,278.8	13.7%	253.2	0.25%	89,325.9	12.5%	259.2	0.29%
Total	733,905.1	100.0%	14,389.6	1.96%	714,455.3	100.0%	14,458.0	2.02%

Note: Non-performing loan ratio is calculated by dividing the balance of non-performing loans in each product type secured by each type of collateral by gross loans in that type of collateral.

As of the end of the Reporting Period, the balance of our unsecured non-performing loans decreased by RMB10 million as compared with the end of last year, representing a decrease of 0.05 percentage points in the non-performing loan ratio; the balance of guaranteed non-performing loans decreased by RMB388 million as compared with the end of last year, representing a decrease of 0.21 percentage point in the non-performing loan ratio; the balance of pledged non-performing loans decreased by RMB6 million as compared with the end of last year, representing a decrease of 0.04 percentage point in the non-performing loan ratio, mainly attributable to the Bank's continuous efforts to resolve non-performing loans through comprehensive use of write-offs, cash collection, loan restructuring and other means.

Chapter 5 Management Discussion and Analysis

6.5 Borrowers Concentration

As of the end of the Reporting Period, the balance of loans to any single borrower of the Bank did not exceed 10% of the Bank's net capital. The following table sets forth, as of the end of the Reporting Period, the loan balance of the top ten single borrowers (excluding group borrowers) of the Bank.

		As of December 31, 2025		
Industry		Balance	% of total loans	% of net capital
(in millions of RMB, except percentages)				
Borrower A	L-Leasing and commercial services	7,837.0	1.1%	6.8%
Borrower B	L-Leasing and commercial services	4,613.9	0.6%	4.0%
Borrower C	L-Leasing and commercial services	3,687.0	0.5%	3.2%
Borrower D	L-Leasing and commercial services	3,559.4	0.5%	3.1%
Borrower E	L-Leasing and commercial services	2,907.0	0.4%	2.5%
Borrower F	F-Wholesale and retail	2,846.7	0.4%	2.5%
Borrower G	L-Leasing and commercial services	2,812.0	0.4%	2.4%
Borrower H	B – Mining	2,265.5	0.3%	2.0%
Borrower I	D-Electricity, heat, gas and water production and supply	2,154.5	0.3%	1.9%
Borrower J	L-Leasing and commercial services	2,114.0	0.3%	1.8%
Total		34,797.0	4.8%	30.2%

As of the end of the Reporting Period, the loan balance of the largest single borrower of the Bank was RMB7,837 million, accounting for 1.1% of the total amount of loans of the Bank, and the total amount of loans to the top ten single borrowers was RMB34,797 million, accounting for 4.8% of the total amount of loans of the Bank and accounting for 30.2% of the net capital.

Chapter 5 Management Discussion and Analysis

6.6 Overdue Loans

The following table sets forth, as of the dates indicated, the distribution of the Bank's loans to customers by maturity.

Overdue loans classification	As of December 31, 2025		As of December 31, 2024	
	Amount	%	Amount	%
(in millions of RMB, except percentages)				
Current loans	705,238.5	96.09%	685,204.8	95.91%
Overdue loans				
Up to 3 months	16,101.0	2.19%	15,640.2	2.19%
Over 3 months up to 1 year	3,189.2	0.43%	5,617.2	0.79%
Over 1 year up to 3 years	5,347.2	0.73%	5,461.8	0.76%
Over 3 years	4,029.2	0.55%	2,531.3	0.35%
Sub-total	28,666.6	3.91%	29,250.5	4.09%
Total loans	733,905.1	100.0%	714,455.3	100.0%

Note: Overdue loans represent the principal amount of the loans on which principal or interest is overdue.

As of the end of the Reporting Period, the amount of overdue loans totaled RMB28,667 million, representing a decrease of RMB584 million as compared with the end of last year. Overdue loans accounted for 3.91% of the total loans, representing a decrease of 0.18 percentage point as compared with the end of last year.

7 Business Operation Segment Report

The table below sets forth the Bank's total operating income by business segments for the periods as indicated.

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Amount	% of total	Amount	% of total
(in millions of RMB, except percentages)				
Corporate banking business	11,850.0	44.7%	13,361.6	51.5%
Retail banking business	8,695.9	32.8%	6,986.2	26.9%
Treasury business	5,731.0	21.6%	5,480.4	21.1%
Other businesses	230.1	0.9%	127.1	0.5%
Total operating income	26,507.0	100.0%	25,955.3	100.0%

Chapter 5 Management Discussion and Analysis

8 Analysis on Capital Adequacy Ratio

As of the end of the Reporting Period, the core tier-1 capital adequacy ratio, tier-1 capital adequacy ratio and capital adequacy ratio of the Bank was 8.89%, 11.38% and 13.52%, respectively, representing an increase of 0.43 percentage point, 0.45 percentage point and 0.50 percentage point, respectively, as compared to the end of the last year. The measurement of capital and risk-weighted assets fulfilled the regulatory requirements of the National Financial Regulatory Administration on the Administrative Measures for the Capital of Commercial Banks. In 2025, the Bank strengthen its internal retained earnings, refined risk-weighted assets management while continuously promoting the implementation of the new capital regulations to improve the capital adequacy ratio.

In accordance with the Administrative Measures for the Capital of Commercial Banks of the National Financial Regulatory Administration, the capital adequacy ratio of the Bank was calculated as follows:

	As of December 31, 2025	As of December 31, 2024
	(in millions of RMB, except percentages)	
Share capital	36,549.8	36,549.8
Valid portion of capital reserve	18,938.2	19,004.4
Valid portion of other reserve	370.7	2,123.6
Surplus reserve	3,739.8	3,419.3
General reserve	18,716.7	16,679.1
Retained earnings	4,922.5	4,782.6
Valid portion of minority interests	2,062.2	2,062.2
Total core tier-1 capital	85,299.9	84,621.0
Core tier-1 capital regulatory deductions	(9,129.6)	(8,317.6)
Net core tier-1 capital	76,170.3	76,303.4
Other tier-1 capital	21,273.9	22,273.9
Net tier-1 capital	97,444.2	98,577.3
Net tier-2 capital	18,357.7	18,838.6
Total net capital	115,801.9	117,415.9
Total risk-weighted assets	856,521.0	901,608.8
Core tier-1 capital adequacy ratio	8.89%	8.46%
Tier-1 capital adequacy ratio	11.38%	10.93%
Capital adequacy ratio	13.52%	13.02%

Chapter 5 Management Discussion and Analysis

9 Business Review

9.1 Corporate Banking Business

9.1.1 Corporate deposits

During the Reporting Period, the Bank focused on improving the quality and increasing the volume of corporate deposits. With client management at the core, channel collaboration as support and digital empowerment as the key driver, the Bank strengthened its liability base from multiple dimensions, thereby promoting the steady growth and structural optimization of corporate deposits. By targeting key client segments and engaging with strategic clients such as government agencies and leading enterprises in industrial chains, the Bank deepened the cooperation among governments, banks and enterprises and reinforced the consolidation of source funds. The Bank established a tiered customer service system, and tailored comprehensive financial solutions to enhance the retention of funds from high-quality clients. Through enhanced business integration, optimized product portfolios and improved service efficiency, the Bank steadily increased its share of corporate deposits.

As of the end of the Reporting Period, the balance of corporate deposits of the Bank was RMB357.342 billion, and the market share ranked first in Henan Province.

9.1.2 Corporate loans

During the Reporting Period, adhering to the fundamental purpose of finance serving the real economy, the Bank continued to deepen the cooperation among governments, banks and enterprises, constantly optimized financial services, and strived to enhance both the quality and efficiency of serving the real economy within the broader context of supporting local economic development, based on its role as a provincial corporate bank. Focusing on the “Two High-level Priorities and Four Areas of Emphasis” and aligning with the province’s “1+2+4+N” target framework, the Bank has proactively served the major strategies and key projects, fully supported ecological protection and high-quality development in the Yellow River valley, and actively supported the construction of provincial and municipal key projects such as “Renewal and Trade-in (兩新)” and “Major Strategies and Key Fields (兩重)” and “Double Hundred Projects (雙百工程)”. The Bank has increased credit allocation for key areas and actively supported high-quality development of the private economy, manufacturing, and emerging industries. The Bank has actively responded to policies and promoted the real estate financing coordination mechanism and the small and micro financing coordination mechanism on a regular basis. To support industrial transformation and upgrading, the Bank has targeted key industries, focused on leading enterprises, application scenarios and critical issues, improved efficiency, and enhanced project coordination and services to strengthen, supplement and extend industrial chains.

As of the end of the Reporting Period, the Bank’s corporate loan balance was RMB421.838 billion, ranking third in the province in terms of market shares.

Chapter 5 Management Discussion and Analysis

9.1.3 Corporate customers

During the Reporting Period, the Bank followed the national and regional strategies closely, steadfastly upheld its mission to serve the real economy, and adhered to being customer-oriented in supporting local enterprises. Focusing on key customer segments such as strategic, institutional, industrial and technological customers, the Bank implemented targeted initiatives, applied differentiated measures and tiered services, strengthened support for products and services, and continuously enhanced both service efficiency and responsiveness, thereby driving comprehensive and coordinated development of the business benefits, quality and scale of the Company.

As of the end of the Reporting Period, the Bank had 499,100 corporate customers in total, representing an increase of 21,400 as compared to the end of the previous year, with 53,300 new accounts during the Reporting Period.

9.1.3.1 Strategic customers

The Bank adhered to a customer-centered approach, consistently explored differentiated operation and service mechanisms, strengthened the efficient coordination across front, middle and back-office departments, advanced the integrated coordination among the head office, branches and sub-branches, and formulated the comprehensive financial service plan of “one policy for one household (一户一策)”, thereby enhancing the overall service quality and efficiency for strategic clients. Focusing on in-depth operation, the Bank expanded the strategic customer ecosystem along the equity chain and industrial chain, and intensified the cooperation with core enterprises, subsidiaries and upstream and downstream enterprises of strategic customers by leveraging a full suite of products, including trade financing, supply chain financing and investment banking financing, further broadening and deepening the scope of cooperation. Responding to shifts in the external business environment, the Bank implemented a dynamic, list-based management system and optimized its stratified and classified operations.

As of the end of the Reporting Period, the balance of loans of strategic customers at the head office level of the Bank amounted to RMB164.614 billion.

Chapter 5 Management Discussion and Analysis

9.1.3.2 Institutional customers

During the Reporting Period, with a focus on the major decisions and arrangements of the Provincial Party Committee and the Provincial People's Government of Henan Province, the Bank actively gave play to the role and advantages of provincial corporate banks, actively aligned with the financial needs of governments at all levels, prioritized the development of a "government bank", deeply integrated itself into the broader context of local economic development, and continuously deepened government-bank cooperation. The Bank actively pursued business opportunities and innovated service models, delivering notable results in key areas such as improving the efficiency of government fund management and financing, optimizing centralized treasury payment services, enabling the issuance and implementation of specialized debt and supporting the smart construction of the government, thereby effectively fulfilling its role in providing financial support. As of the end of the Reporting Period, the Bank provided issuance services of local government special debt to 18 cities and 176 counties in Henan Province, with its market share ranking at the leading cohort among the industry and at the first tier in Henan Province in terms of the fund amount generated from centralized treasury payment agency, demonstrating its core business competitiveness continuing to lead the market. The Bank closely aligned with local major strategic arrangements, accurately addressing the advancement requirements of key projects and achieving coordinated development between financial services and local development. This has not only consolidated the Bank's foundation for local presence and service, but has also established a reputation for professional, high-quality financial services. The Bank has established a good relationship of win-win cooperation and sustainable development with governments at all levels.

As of the end of the Reporting Period, the balance of deposits of the Bank's institutional customers amounted to RMB143.036 billion.

9.1.3.3 Sci-tech customer groups

During the Reporting Period, the Bank thoroughly implemented the spirit of the Central Financial Work Conference and the major strategic deployments of the Provincial Party Committee and Provincial People's Government. Focusing on Henan Province's "1+2+4+N" target framework and aligning with the "Two High-level Priorities and Four Areas of Emphasis" requirements, the Bank centered its efforts on three key areas of upgrading traditional industries, cultivating emerging industries, and laying out future industries, thereby deepening its services for sci-tech customer groups. The Bank formulated exclusive plans for key client segments in high-end equipment, new materials, new energy and biopharmaceuticals, adopting a "one policy for one household (一户一策)" approach to address financing challenges faced by enterprises. The Bank accelerated the development of a multi-tiered product system tailored to the full lifecycle of technological innovation, constantly improved the sci-tech finance systems and mechanisms and resource allocation, deepened research and practical application in key industries, and fostered a virtuous cycle of technological breakthroughs, industrial upgrading and financial growth, thereby continuously enhancing the brand influence of its sci-tech finance service.

As of the end of the Reporting Period, the balance of sci-tech financial loans of the Bank amounted to RMB70.095 billion. The number of enterprises with loans totalled 3,374.

Chapter 5 Management Discussion and Analysis

9.1.4 Key areas

During the Reporting Period, the Bank innovated product strategies, optimized product functions, continuously enhanced comprehensive product system, strengthened all-around service capabilities, and improved customers' experience and satisfaction.

9.1.4.1 *Sci-tech finance*

During the Reporting Period, the Bank provided financial services centered around the entire life cycle of technology enterprises. The Bank strengthened the concepts of early-stage investment, small-scale investment, long-term investment, and investment in key and core technologies. The Bank launched initiatives to facilitate first loans for technology enterprises and to expand the coverage of credit loans. During the Reporting Period, the Bank established cooperation with 664 first-time borrowers and recorded the balance of credit loans of RMB14.106 billion, representing an increase of RMB4.346 billion as compared to the end of the previous year. In close alignment with the light-asset characteristics of technology enterprises and focusing on their research and development and transformation needs, the Bank launched technology R&D loans and intellectual property pledge loans. Underpinned by a sci-tech innovation capability evaluation system and empowered by digital technology throughout the entire business process, the Bank launched online products which, since inception, have served 504 customers with cumulative disbursements of RMB1.201 billion in loans. The Bank was selected as a partner bank for the "Zhengzhou Tech Loan", formulated the operational procedures for "Zhengzhou Tech Loan" business, and advanced the implementation of "Zhengzhou Tech Loan" business. The Bank enhanced the promotion of the "investment-loan linkage" business through the signing of a strategic cooperation agreement with Central China Equity Exchange. Focusing on enterprises listed on the "Apply Special, Sophisticated Techniques to Produce Unique and Novel Products" board, the Bank established a mechanism for information and resource sharing to provide services and support such as "equity + debt", mergers and acquisitions and listing cultivation to eligible enterprises within Henan Province.

As of the end of the Reporting Period, the balance of "Loan to Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products" amounted to RMB4.851 billion, representing an increase of RMB1.248 billion as compared to the end of the previous year. The balance of "Science and Technology Loan" amounted to RMB1.225 billion, ranking second in Henan Province. For four consecutive years, the Bank has been recognized as an "Excellent Partner Bank" in the performance evaluation of the "Science and Technology Loan" in the sci-tech finance business of Henan Province.

Chapter 5 Management Discussion and Analysis

9.1.4.2 Green finance

During the Reporting Period, the Bank firmly established the concept of “lucid waters and lush mountains are invaluable assets”, earnestly studied and implemented Xi Jinping’s ideology on ecological civilization, aligned with the “Two High-level Priorities and Four Areas of Emphasis” strategy, and closely focused on the strategy of “green and low-carbon transition” put forward by the Provincial Party Committee and the Provincial People’s Government of Henan Province. The Bank kept a closer interconnection with the government, integrated resources, gathered joint efforts for development, and provided targeted green finance services and support according to the industrial layout and policy orientation of the province.

Focusing on nine major green areas, such as energy saving and carbon reduction, environmental protection, resource recycling, green and low-carbon energy transformation, and the green upgrading of infrastructure, the Bank built a “Zhongyuan Green Finance” product system covering industry, trading and consumption, while continuously enhancing its credit support and financial services. It actively created innovative products with asset characteristics, created resource recycling project loans, supported the construction of the largest alumina waste reusing project in the province, landed the first project in the province to support the construction of a green port by adopting the business model of “special bond + project loan”, supported the construction of Xinyang’s first manually-excavated underground space compressed air energy storage project as a green syndicate, introduced the country’s first policy instrument to support sandstone geothermal storage development project loan, and delivered the province’s first green transfer syndicated loan to support data center construction, with an aim to provide strong support for project construction in key areas such as resource recycling, green transportation, new energy storage, clean energy, and green infrastructure upgrading etc.

As of the end of the Reporting Period, the green credit balance of the Bank reached RMB51.462 billion. The number of customers with loan balance reached 28,100.

Chapter 5 Management Discussion and Analysis

9.1.4.3 Transaction Banking

During the Reporting Period, the Bank focused on promoting the high-quality development of transaction banking business, leveraging leading provincial industrial enterprises or regional speciality industries to explore scenario-based service models. On the one hand, the Bank reinforced technology empowerment, advanced innovation in product and service models and strengthened the foundation for sustainable development. On the other hand, the Bank focused on core areas such as treasury management, supply chain finance, international business and electronic channels, continuously improving its product system, and promoting the effective implementation of key businesses to consolidate the development advantages of transaction banking business.

Treasury management

The Bank has built an online product marketing system that combined “settlement + liabilities + investment”, and combined “finance + non-finance”, resulting in steady growth in both business scale and market influence. Firstly, the Bank has deepened government-bank cooperation, aligning closely with the requirements for the categorised management of fiscal funds across various cities. By enhancing its deep connection and collaboration with government institutions, the Bank has reinforced the brand image of “bank for governments” and consolidated the foundation for government-bank cooperation, thereby providing solid support for business expansion. Secondly, by focusing on the construction of an industrial financial ecosystem and using the centralized fund management needs of core enterprises as a point of entry, the Bank has engaged with and served the upstream and downstream enterprises in the industrial chain on a broad scale. This has improved the industrial financial services chain and steadily advanced the development of the “industrial bank” ecosystem. Thirdly, the Bank has strengthened its digital operational capabilities by establishing a full-process online operational and promotional model comprising “model selection + precise dissemination + online contracting”, thereby realizing full-process online customer service and enhancing both service efficiency and customer experience.

As of the end of the Reporting Period, the number of customers for treasury management service exceeded 40,000, representing an increase of nearly 40% as compared with the end of the previous year, with continuous enhancement in business competitiveness.

Chapter 5 Management Discussion and Analysis

Supply chain finance

The Bank has developed an innovative service model focusing on the liquidity financial needs of industry chain participants in procurement, production, sales and other links. The Bank has also continued to optimize the online experience for online factoring, asset pool, order financing and other products, thereby enhancing the quality and efficiency of financing services for accounts receivable. The Bank has launched its proprietary movable property supervision platform to strengthen its capability to provide financing services for movable properties across multiple scenarios and categories. During the Reporting Period, the Bank has cumulatively provided enterprises with convenient and efficient supply chain financing of RMB223.5 billion.

International business

After being permitted to join the Cross-border Interbank Payment System (CIPS), the Bank has become the first local legal person bank in the six provinces in central China to qualify as a direct participant in CIPS. Completed the ISO 20022 (MX) payment message upgrade and business adaptation for the SWIFT system, the Bank has aligned with international payment standards to ensure the security, efficiency and compliance of cross-border payment services. The Bank has strengthened agency banking arrangements by newly designating Standard Chartered Bank as a US dollar clearing bank, thereby further supporting Henan Province's participation in the high-quality development of the "Belt and Road Initiative". The Bank has also broadened interbank cooperation channels by establishing partnerships with various banks in areas such as agency import letter of credit and second-tier forfaiting, successfully achieving a breakthrough in business development. During the Reporting Period, the Bank's international business recorded cross-border foreign exchange collection and payment of USD3.5 billion.

Corporate digital channels

The Bank continued to advance the digital and intelligent construction of corporate online services. The Bank enhanced the one-stop service capability of the corporate online banking channel, completed the optimization and upgrade of functional modules such as financing business, asset pool and international business, and achieved deep integration between corporate online banking and supply chain platform, further improving customer experience. In line with the trend towards the domestic development of mobile phones, the Bank undertook domestic adaptation for its corporate mobile banking, launching the HarmonyOS version to meet customers' diversified device usage needs. As of the end of the Reporting Period, the number of customers for corporate digital channels was 330,100, representing an increase of 25,100 customers as compared with the end of the previous year.

Chapter 5 Management Discussion and Analysis

9.1.4.4 Investment banking

During the Reporting Period, the Bank continually enhanced its systematic service capabilities in investment banking, astutely seizing opportunities presented by the “Major Strategies and Key Fields (兩重)”, “Renewal and Trade-in (兩新)” and other policies, whilst fully leveraging the professional advantages of its investment banking cooperation channels. The Bank actively engaged in regional strategic project construction, emerging industry layouts, state-owned assets revitalization and other key areas. By providing comprehensive and multi-channel integrated financial services to customers across the province, the Bank consistently enhanced market competitiveness and customer recognition. The Bank vigorously promoted the steady transformation and development of investment banking business, actively expanding innovative business products, including non-financial corporate debt financing instruments underwriting, syndicate loans, merger and acquisition loans, and fund matching. It continued to enrich investment banking business products, proactively providing more comprehensive and professional financial services solutions. During the Reporting Period, the Bank helped enterprises secure financing of RMB83.493 billion, including the successful underwriting of 25 non-financial corporate debt financing instruments, with a scale of exceeding RMB15 billion.

The Bank, anchored in its professional service positioning within the bond market, has continued to expand its high-specification bond investment institution collaboration network and deepen the “headquarters-to-headquarters” strategic collaboration mechanism to build an efficient interbank ecosystem with regional leadership. Leveraging the integrated online-offline service platform, the Bank efficiently connected provincial high-quality enterprises with national professional institutional investors, significantly enhancing the precision and effectiveness of “bring in investment for Henan”. Through close tracking of the development logic of bond market trends and interest rate movements, the Bank strengthened professional judgement capabilities and empowered the construction of the Henan bond market through professional financial services, thereby underscoring its vital role as a principal financial pillar in advancing the region’s high-quality economic and social development.

Chapter 5 Management Discussion and Analysis

9.2 Retail Banking Business

9.2.1 Retail deposits

During the Reporting Period, the Bank focused on optimizing services and brand development to drive sustained growth in savings deposits. Firstly, the Bank focused on enhancing its comprehensive customer service capabilities, deepening its operation in characteristic customer groups such as payment agency business and elderly customers, and continuously strengthening customer loyalty. The Bank vigorously developed payroll disbursement, payment settlement, and other related businesses to effectively promote the accumulation and increase the proportion of demand deposits, so as to drive improvements in deposit structure while reducing interest expense costs. Secondly, the Bank strengthened coordination between online and offline channels, intensified promotional efforts for popular products such as “Time Deposits (定期存)” and “Huinongbao (惠農寶)”, thereby consolidating the brand influence of its deposit offerings and expanding its customer reach. Thirdly, the Bank continued to improve the customer experience of deposit products by upgrading the user interfaces and business processes across channels such as mobile banking, WeChat banking, and in-branch terminals, thereby comprehensively improving customer service experience.

As of the end of the Reporting Period, the balance of savings deposits was RMB601.785 billion, representing an increase of RMB42.845 billion or 7.67% as compared with the end of the previous year; the AUM balance was RMB699.589 billion, representing an increase of RMB54.177 billion or 8.39% as compared with the end of the previous year.

9.2.2 Retail loans

During the Reporting Period, the Bank adhered to the policy orientation of serving people’s livelihood and supporting the real economy, implementing multiple measures to promote the steady development of the personal loan business. In its efforts to support the real economy, the Bank achieved “cost reduction, incremental growth and expanded coverage”. As of the end of the Reporting Period, the average interest rate on loans to micro – and small-enterprise owners and self-employed people recorded a year-on-year decrease of 30BPs, with the amount of personal inclusive loans featuring principal-free renewal increasing by 83% year-on-year. In terms of stimulating consumption, the Bank actively responded to the ‘trade-in’ policy and continued to carry out customer marketing activities such as payment reductions and preferential interest rates, cumulatively reaching 1.38 million customers. In the pursuit of optimizing client experience, the Bank introduced innovative measures including the perpetual loan interest subsidy model, the tax-deductible property mortgage model and the expedited “one-certificate renewal” process for perpetual loans, thereby fulfilling diverse financing needs.

As of the end of the Reporting Period, the Bank’s personal loan balance was RMB272.967 billion, representing an increase of RMB7.588 billion or 2.86% as compared with the end of the previous year.

Chapter 5 Management Discussion and Analysis

9.2.3 Retail customers

During the Reporting Period, the Bank focused on category-based operations for characteristic customer groups. By enhancing the application of digital tools, iteratively optimizing big data marketing models and establishing online direct sales teams, the Bank was able to accurately address the diverse financial needs of its customers. For the customer group in the payment agency business, based on the strategic positioning as a citizen's bank, the Bank has strengthened the comprehensive service system for the "Kai Xin (開薪)" brand, enriched exclusive products and activities for the customer group in the payment agency business and comprehensively enhanced service efficiency for both B terminal and C terminal customers; for the elderly customer group, in response to the national development strategy for pension financial services, the Bank has vigorously expanded its commercial pension business, established a total of four model outlets for pension finance and continued to advance the quality enhancement and upgrading of pension financial service; for acquiring customers, the Bank has developed the Zhongyuan Bank "Acquiring Alliance" brand which provided merchant customer group with integrated comprehensive services including aggregated payments and intelligent marketing, innovatively launched the acquiring loans and preliminarily established a closed-loop marketing system aligning deposits and loans.

As of the end of the Reporting Period, the Bank had 36,823,000 retail customers, representing an increase of 1,386,900 or 3.91% as compared with the end of the previous year.

9.2.4 Wealth and private banking business

During the Reporting Period, the Bank adhered to the principle of prudent operation, screened outstanding managers across the market, established a one-stop open wealth product shelf, continuously promoted the practices and implementation of the asset allocation concept, and continuously provided customers with professional, personalized and diversified comprehensive financial services. As of the end of the Reporting Period, the Bank's scale of high-net-worth products such as trust on a commission basis and asset management plans steadily grew, recording a net increase of RMB1.458 billion as compared with the previous year, with the market share ranking first in the province in terms of product sales. The wealth inheritance trust business maintained a robust growth trajectory, with the three business types of family trust, insurance trust, and family service trust cumulatively entering into 174 transactions, representing an increase of RMB283 million in scale.

9.2.5 Credit card business

During the Reporting Period, the Bank actively responded to the national policies to stimulate consumption, and drove improvements in the quality and efficiency of the credit card business by streamlining business processes, optimizing product supply, enriching customer entitlements and deepening the synergy between loans and borrowings. In terms of process refinement, the online credit card application gateway was embedded within the business process of retail loans, allowing for precise product recommendations tailored to customer group characteristics and realizing a seamless application experience. In terms of product supply optimization, the Bank continued to enhance the credit card product system to improve the market competitiveness of its products. In respect of customer rights and interests, the Bank has launched QuickPass discount vouchers, physical gifts and other rights and interests, thereby strengthening marketing empowerment. In respect of business collaboration, the Bank has further developed the synergy between loans and borrowings, achieving one-stop processing for card issuance, activation and binding, thus effectively enhancing service efficiency.

As of the end of the Reporting Period, the Bank issued a total of 4,641,700 credit cards, representing an increase of 183,200 cards compared with the end of the previous year.

Chapter 5 Management Discussion and Analysis

9.3 Financial market business

9.3.1 Treasury business

During the Reporting Period, the Bank, with high-quality development as the guide, upheld the philosophy of prudent operations and carried out monetary market business in a compliant and prudent manner. While ensuring its overall liquidity safety, the Bank actively assumed the responsibility as a “dealer in the monetary market”, being committed to maintaining stable market operations, facilitating the smooth transmission of the liquidity mechanism and actually playing the role of a market “stabilizer”. The Bank also ranked among the top 30 in the list of “Innovative and Active Dealer in Repurchasing” for multiple times.

During the Reporting Period, the bond market yield showed a volatile upward trend. By continuously strengthening the development of its investment and research system, the Bank has delivered accurate assessments of bond market trends and maintained steady growth in investment scale, with a focus on optimizing the structure of asset allocation. While maintaining rigorous control over interest rate risk exposure, the Bank has flexibly employed swing trade measures to seize interim market opportunities, thereby achieving stable investment returns and ensuring ample scope for future strategic adjustments in response to potential market volatility. The Bank has delivered exceptional performance in bond underwriting, with its market influence steadily increasing. In 2025, the Bank achieved a year-on-year increase of over 30% in the total sales of various bonds, placing its sales scale firmly within the top tier of the market. The Bank was honoured with multiple awards from policy-based financial institutions, including the titles of “Outstanding Underwriter” and “Excellent Underwriter”. At the same time, the Bank actively fulfilled its role as a “market maker” and was honored with multiple awards including the “X-Lending Active Institution”, the “X-Lending Star”, the “X-Bargain Star of Interest Rate” and the “iBean” Bond Rising Star, continuously enhancing the market trading activity and influence.

9.3.2 Interbank business

During the Reporting Period, focusing on the fundamentals of overall liquidity management and asset-liability management, the Bank followed the operating principles of “light asset, light capital and light cost” to carry out its interbank business, timely adjusted the business strategies, improved the customer service system and continuously generated benefits for the Bank and generated value for customers. The Bank remained steadfast in its functional role of supporting the Bank’s overall liquidity management, optimizing the liability structure based on diverse product attributes. It proactively expanded liability channels to enrich customer groups, thereby providing the Bank with stable source of funds. The Bank established a hierarchical, segmental and classified system for twelve types of financial institutions, and clarified the core principles of customer segmentation, management stratification and operational categorization, thereby enhancing customer cooperation stickiness. As of the end of the Reporting Period, the Bank had more than 1,300 liability cooperative customers, covering customers in banking, funds, securities, trust, insurance, and wealth management.

The Bank actively responded to the call of the China Foreign Exchange Trading System, continuously promoted CFETS interbank deposit services and expanded counterparties. As of the end of the Reporting Period, the Bank has established cooperation with 132 CFETS interbank deposit institutions, with cumulative transaction volume exceeding RMB330 billion, steadily enhancing transaction efficiency and market activity.

Chapter 5 Management Discussion and Analysis

9.3.3 Bill business

During the Reporting Period, the Bank focused on the “Five Priorities” in finance, fully leveraged its function as a “policy transmission hub”, reinforcing the implementation of monetary policy transmission. Centring on bill rediscounting and relending as its principal instruments and proactively aligning with the policy orientation of the central bank, the Bank has placed particular emphasis on supporting micro and small, green, sci-tech innovation and other sectors, ensuring that low-cost policy funds are precisely and directly reached to key economic sectors. As of the end of the Reporting Period, the re-lending balance ranked first among financial institutions in Henan Province, fully demonstrating the Bank’s execution capability and sense of responsibility in precisely supporting the real economy and reducing social financing costs.

The Bank vigorously promoted online and automated discount services, thereby enhancing the convenience of corporate financing. As of the end of the Reporting Period, the cumulative discount volume exceeded RMB130 billion, with the number of micro, small and medium-sized enterprises accounted for more than 90%, and the bill discounting of micro, small and medium-sized enterprises accounted for more than 80%, thereby practically enhancing the inclusiveness and direct reach of financial services. The Bank actively participated in the development of the supply chain finance ecosystem, and cumulatively facilitated bill discounting in excess of RMB5 billion for enterprises along the supply chain, effectively addressing the challenges of “difficult financing and slow repayments” faced by upstream and downstream small and medium-sized enterprises, and improving the overall operational efficiency and resilience of the industrial chain.

9.3.4 Asset management

During the Reporting Period, the Bank strictly implemented regulatory requirements, closely followed the Bank’s overall strategic deployment and development, adhered to our original aspiration of “being entrusted by customers and making wealth management on behalf of customers”, took customers as the center, deepened its presence in the central China, and continued to promote the sustained and stable development of wealth management business. As of the end of the Reporting Period, the scale of the Bank’s wealth management products was RMB60.167 billion, all of which were net-worth products that met the requirements of the new asset management regulations.

During the Reporting Period, the Bank’s wealth management business strictly adhered to the risk bottom line, strictly controlled asset quality, and the underlying assets were under control. The Bank continuously developed a product suite characterised by “controllable risks and moderate income”, with a structure encompassing cash, fixed income, and hybrid products to meet the diversified allocation needs of investors; the Bank strengthened its investment and research system building, reinforced allocation across major asset classes, and focused on enhancing investment income; the Bank further enhanced investor engagement, and through “online and offline channels” to conduct promotion of wealth management products and investment education activities, thereby supporting the improvement of wealth management service capabilities and continuously increasing the brand recognition and influence. In 2025, the Bank was the recipient of several distinguished industry awards, including the “Golden Bull Award” from China Securities Journal, the “Golden Hazelnut Award” for Excellent Bank Wealth Management Institutions of Cailian Press, the “Golden Reputation Award” for China Asset Management and Wealth Management Industry of Puyi Standard, and the “Golden Wealth Management” of Shanghai Securities Journal.

Chapter 5 Management Discussion and Analysis

9.4 Inclusive Finance Business

9.4.1 Small and micro finance

During the Reporting Period, the Bank adhered to the positioning of serving real economies and supporting small and micro enterprises, with a strong focus on the local economy. The Bank increased credit supply to small and micro enterprises, enhanced service coverage in the small and micro enterprise market, and actively met the reasonable financial needs of inclusive small and micro enterprises.

The Bank served real economies and expanded the supply of credit to small and micro enterprises. During the Reporting Period, the Bank provided inclusive small and micro loans of RMB88.352 billion for small and micro customers in total, with a weighted average rate of 3.56%. As of the end of the Reporting Period, the balance of inclusive small and micro loans was RMB96.155 billion, representing an increase of RMB6.058 billion or 6.72% as compared with the end of the previous year, exceeding the Bank's overall loan growth rate. There were 169,400 inclusive small and micro enterprise customers with outstanding loan balances.

The Bank took responsibility, deepened and implemented the coordination mechanism for small and micro-enterprise financing. During the Reporting Period, to implement major decisions and arrangements on the coordination mechanism for small and micro-enterprise financing, the Bank diligently fulfilled the responsibility of a provincial legal person bank, establishing three-level dedicated teams of the head office, branches and sub-branches to coordinate with municipal government taskforces at all levels, and comprehensively addressing the financing needs of small and micro enterprise. Focusing on key areas and sectors across the province, the Bank responded to corporate requirements through a grid-based approach and the utilisation of the “red, yellow and green” light mechanism. Since the introduction of the “coordination mechanism for small and micro-enterprise financing”, the number of clients on the Bank's “application list” has reached 260,000, while the “recommended list” has reached 170,000 clients.

The Bank focused on key priorities and advanced the integration of business operations with strategic direction. The Bank increased the exploration of Henan Province's characteristic industries customer groups, and combined with the pillar industries and characteristic industries of each region to achieve the “one bank, one policy (一行一策)” scenario construction in various regions and cities. Focusing on the core segment of “Sci-tech innovation enterprises”, with particular emphasis on high-tech enterprises and innovative micro and small enterprises, and utilising technology parks as a breakthrough for service delivery. Engaging deeply with the “core enterprise ecosystem”, the Bank monitored the financing needs of micro and small enterprises within the upstream and downstream chains of key core enterprises and provided services.

Through tiered and categorized management, the Bank refined its multi-level inclusive product system. The Bank committed to innovation in business models and has partnered with the Provincial Department of Industry and Information Technology to pilot the “number to loan” initiative, progressively expanding from Hebi and Xinxiang to the entire province. The “Shangyi Loan (商易贷) (for enterprises)” has introduced “Science and Technology Loan” and “Loan to Enterprises that Apply Special, Sophisticated Techniques to Produce Unique and Novel Products” categories, enabling micro and small technology enterprises to apply for loans online, covering 12,000 high-growth micro and small enterprises. The Bank implemented the national requirements of the Notice on Doing a Good Job in Renewal of Loans and Improving the Financial Service Level of Small and Micro Enterprises, established a suite of settlement-based loan renewal with principal repayment and the renewal of loans without repayment of principal models for micro and small enterprises, ensuring ongoing financing for high-quality existing customers.

Chapter 5 Management Discussion and Analysis

9.4.2 Rural revitalization and finance

During the Reporting Period, the Bank firmly adhered to the strategy of “expanding the rural revitalization bank” in line with the national strategy of rural revitalization and the requirements for building Henan into a strong agricultural province. Focusing on the strategic positioning of serving urban and rural residents, the Bank actively promoted the decentralization of resources to the grassroots level, and continuously improved its service capabilities in the county market. As at the end of the Reporting Period, the Bank’s county-level general loan balance amounted to RMB167.011 billion.

The Bank actively assisted in the revitalization of rural industries, innovated and optimized basic financial products such as deposits, loans and wealth management products, built a county-specific product service system, and provided comprehensive, customized and differentiated financial services to meet the diversified needs of county customers by continuously strengthening the comprehensive ability training of personnel. It provided sufficient financial support for various industrial production and operation entities in the county, including farmers, large grain growers, family farms, grain brokers, new rural production and operation entities, and returning hometown entrepreneurs by taking the two inclusive agricultural loan products of “Industry Inclusive Loan (產業普惠貸)” and “Yunong Loan (豫農貸)” as the starting point, and through strengthening industrial research, online product construction, and “government-bank-insurance-guarantee-enterprise collaboration model”, etc. This has strongly promoted the development of prosperous county-level industries, such as grain and shiitake mushroom production and promoted rural revitalization with industrial revitalization. As of the end of the Reporting Period, the Industry Inclusive Loan of the Bank invested a total of RMB8.523 billion, and the Yunong Loan invested a total of RMB2.478 billion.

The Bank insisted on promoting channel penetration, continuously optimizing and improving the four-in-one county channel service system of “county outlets + township outlets + rural inclusive financial payment service points + online platforms”, opening up the last mile of financial services, and improving the coverage and availability of financial services. It carried out publicity activities such as “popularization of financial knowledge” and “anti-fraud lectures” around the production and living needs of county residents, and built various non-financial service scenarios such as “life payment”, “shared printers” and “points as money” to enhance the sense of fulfillment and accessibility for county residents. As of the end of the Reporting Period, the Bank had set up more than 170 county outlets, over 90 township outlets, and nearly 5,000 service points, serving more than 10 million county customers. Mobile banking (rural online version) served 4.6344 million users, representing an increase of 1,206,900 users as compared to the end of the previous year.

Chapter 5 Management Discussion and Analysis

9.5 Distribution Channels

9.5.1 Mobile banking

During the Reporting Period, the Bank's mobile banking insisted on the strategy of "Four Banks", consistently advancing service capability and enhancing user experience. The mobile banking functions underwent microservice-based transformation and multi-platform adaptation, achieving "one core service, seamless multi-channel reuse". This ensured compatibility with mainstream systems and consistency in service experience across all channels. Focusing on financial services scenarios for the public, the Bank continued to deepen its deployment of the "New Space for Wealth (財富新空間)". The Checkout 2.0 capability now fully supports the purchase of the Bank's wealth products using cards from other banks, while the redemption-free and direct access capability of "wealth lingqianbao (財富零錢寶)" leads the industry. Additionally, new integrated online asset services, combining Family Trust, Generational Trust, and Insurance Trust solutions, have been introduced for wealth inheritance, further enriching the wealth management product suite and enhancing customer service experience and operational efficiency. The Bank has expanded the development of non-financial scenarios, advancing the transformation of its points and rewards system towards "increased frequency, enhanced service orientation and distinctive features". By integrating online and offline daily spending scenarios, every effort has been made to establish Zhongyuan Bank's "points as money" service brand. This now covers more than 2,900 partner merchants, delivering a more convenient and lifestyle-focused points redemption experience for our customers. The Bank has reinforced its security safeguards by constructing an online security matrix, integrating public components for channel security authentication to create a unified, parameterized, and automated security authentication mechanism. These measures enabled the interception of over 1,600 high-risk transactions and prevented high-risk losses totalling RMB34.67 million, for which the Bank received special commendation under "131" mechanism of Henan province.

As of the end of the Reporting Period, the number of registered users of the Bank's mobile banking reached 19.0568 million, representing a new increase of 1.4944 million as compared with the end of the previous year, and the number of customers of the Bank's mobile banking reached 16.2115 million, representing a new increase of 1.2115 million as compared with the end of the previous year.

9.5.2 WeChat banking

During the Reporting Period, the Bank completed a comprehensive rebranding of the WeChat banking channel, completed the migration of WeChat banking applications to microservices for improved connectivity with mobile devices, and introduced a large-font version of WeChat banking to enhance age-friendly services. The Bank strengthened the operation of the WeChat banking channel, focused on the targeted promotion of key products, events promotion, brand communication, consumer protection awareness and other activities. Throughout the year, a total of 48 issues were released, comprising 301 articles, attracting a cumulative readership of 3.88 million individuals and generating 5.05 million reads, further enhancing brand influence.

As at the end of the Reporting Period, the number of followers of the official account of the Bank's WeChat banking reached 11.4625 million, representing an increase of 1,328,900 as compared with the end of the previous year, of which there were 7.9977 million card binding customers, representing an increase of 1,127,800 as compared with the end of the previous year.

Chapter 5 Management Discussion and Analysis

9.5.3 Personal Online Banking

During the Reporting Period, the Bank's personal online banking undertook channel positioning analysis, and comprehensively enhanced the user experience for the core service homepage, accounts, wealth management, deposits and loans, as well as payments. Furthermore, the Bank completed the full compatibility and deep redevelopment of personal online banking for domestic operating systems, providing customers with a more convenient operation experience.

As of the end of the Reporting Period, the Bank's personal online banking attracted 18,900 new users, with the total number of users reaching 1.6921 million. During the Reporting Period, the total number of personal online banking transactions reached 12.2039 million, and the total transaction amount reached RMB684.043 billion.

9.5.4 Remote Customer Service Centre

During the Reporting Period, the Bank was committed to continuously optimizing the remote service experience, constantly improving the customer service processes, actively exploring the application of innovative technologies, such as large model, further enhancing quality and efficiency of service, and striving to better meet the diversified needs of customers and improve customer service experience. The customer service centre handled 3.8601 million customer service calls via the telephone channel, including 2,207,100 calls transferred to automated voice service, accounting for 57.18% and 1,653,000 calls to manual service, accounting for 42.82%. 96.57% of calls were received, with a customer satisfaction of 99.79% during the year. 5,802,800 customer calls, including 337,100 calls transferred to manual service, were received by online customer service, and 94.19% of the calls were transferred to intelligent text service, with a customer satisfaction of 98.46%.

9.5.5 Joint Innovation Centre

During the Reporting Period, the Bank kept on implementing the new concept of initiating open and win-win cooperation, devoted to promoting the jointly innovative business of perpetual loans and optimized the services to cooperative banks to support them in providing housing mortgage services for individuals and small and micro merchants in the areas where they conducted businesses. As of the end of the Reporting Period, a total of 41 cooperative banks have signed agreements with us on jointly innovative business of perpetual loans. The cooperative banks have granted RMB72.857 billion of loans in total, establishing a good brand image and word-of-mouth effect in the industry. At the same time, leveraging the mature internal systems within the industry, the deep integration of modelling capabilities, practical experience and professional insight, the Bank has created an externally deliverable "full chain customer management solution with big data use cases" (encompassing model construction, service support, implementation, and training empowerment). Currently, this solution has been successfully implemented in five peer banks, providing a new growth point for intermediary business income. With regard to product innovation, the mortgage loan product introduced an AI-powered intelligent assistant and an online valuation function for specialist properties, together with the implementation of a standardised trust mortgage offering and a big data use case customer management platform.

Chapter 5 Management Discussion and Analysis

9.6 Information Technology

During the Reporting Period, the Bank upheld the development philosophy of “being customer-oriented and business-oriented to establish new core competitiveness, adhered to the strategic direction of the “Four Banks”, enhanced technology-driven enablement, deepened the intelligent digital transformation, and comprehensively promoted the high-quality development of digital financial services.

9.6.1 Deepening the Advancement of Digital Finance

The digital intelligence transformation initiatives have achieved commendable results. Fifteen priority transformation projects have been implemented in an orderly manner, delivering good business effectiveness. In terms of business digitalisation, we have continued to optimize and improve our omni-channel service matrix, with monthly active users of mobile banking reaching 5.0191 million, representing a new increase of 567,100 as compared with the end of the previous year. A total of nearly 1.8 billion big data use cases for retail marketing have been issued, contributing to sales of over RMB244 billion. The Bank has jointly conducted government data modeling with the Provincial Development and Reform Commission to precisely identify over 150,000 high-quality micro, small and medium-sized enterprises business opportunities, with cumulative credit issuance totalling RMB5.561 billion. In terms of digital management capabilities, the project construction of the second phase of the characteristic derivative platform was completed, integrating 80 external data sources and incorporating over 2,000 additional characteristic variables. A unified personal credit limit model was established, with eight credit products brought under individual limit management, thereby achieving full coverage of key credit product controls. The intelligent application of Wening AI achieved the implementation across corporate, credit, and operational domains, enabling intelligent Q&A scenarios, with cumulative dialogue rounds exceeding 166,000 and monthly active users averaging over 25,000. The two-phase rollout of the new-generation performance appraisal management system was completed, supporting multi-level performance assessments, budget management, and other refined management, thereby providing strong support for efficient management.

Continuously strengthening digital and intelligent application empowerment. The big data use case framework has been restructured, with intelligent strategies integrated into the use case development process. Twenty-five big data use cases have been newly developed or optimized, effectively driving an increase of RMB35.99 billion in AUM. The Bank supported 19 branches in implementing 171 localized digital marketing initiatives, cumulatively attracting over 220,000 customers and facilitating an increase of RMB7.56 billion in AUM. The Bank successfully organized the Second Digital Financial Innovation Competition (第二屆數字金融創新大賽), effectively invigorating innovation and enthusiasm for action across the Bank. In collaboration with the China Banking Association, the Bank led seven City Commercial Banks in the establishment of the “Evaluation System for Digital Transformation of City Commercial Banks”, providing a benchmark industry standard to guide the digital transformation of small and medium-sized banks.

Chapter 5 Management Discussion and Analysis

9.6.2 Continuously Strengthening the foundation of science and technology

The improvement of technical capabilities shows practical results. Key projects have achieved significant breakthroughs, and Phase I of the next-generation core business system program was successfully put into operation, facilitating flexible customization of loan products and comprehensive upgrades to customer service and risk control capabilities. Thanks to the effective enhancement of the foundational support of the intermediate platform, the mobile banking app, WeChat, and the channel integration platform completed the microservice retrofit of a total of 227 functional modules, migrating 1,887 interfaces, accounting for over 95% of all interfaces. The concurrent processing capacity for high-frequency transactions, such as account overview, reached 437 transactions per second, demonstrating significantly enhanced processing performance and stability of the system. The completion of cloud-native reconstruction for 40 system programs facilitated the upgrade of the message middleware and caching systems, further consolidating the distributed technology foundation. The original efficiency R&D management platform of Zhongyuan Bank attained industrial benchmark certification for value management module under the “Integrated Business Development and Operations” standards (BizDevOps) from the China Academy of Information and Communications Technology (CAICT), demonstrating its top-tier position within the sector. The capabilities of the data intermediate platform have been continuously reinforced, enabling 405 core business tables to enter into the data lake in a timely manner. This supports 23 categories of real-time business scenarios, including deposit balance monitoring and credit timeliness statistics, thereby providing a solid data foundation for precise operations and prompt decision-making.

Data support capabilities have been continuously strengthened. 23 external data services, including industry node, industry research and related relationship mapping, were introduced to provide effective data support for the development of the industrial bank and citizen bank. The new external data platform completed the comprehensive launch of all functionalities, as well as the migration and redistribution of 550 existing interfaces, achieving configuration-based interface deployment and online permission management across the entire processes, contributing to a year-on-year decrease of 10.32% in the average external data calling fee per 10,000 transactions.

Security assurance capabilities have been continuously strengthened. The resilience of the infrastructure has been continuously improved, with the Bank’s application systems achieving a cloudification rate of 96% and key system availability maintaining at over 99.98%. During the Reporting Period, the Bank’s information systems operated stably, with no production liability incidents of Level-3 or above. The automation and intelligence levels of the security defence system have been continuously enhanced, successfully intercepting over 280,000 cyber-attacks throughout the year, blocking 234 telecommunication network fraud attacks, sharing 42 threat intelligence with the People’s Bank of China, thereby successfully fulfilling cybersecurity protections during critical periods and achieving the goal of “zero security incidents” across the Group. The “Zero Trust Access Control Application Case of Zhongyuan Bank” was recognized by the CAICT as an “Outstanding Industry Application Case under the Zero Trust Intelligent Protection Programme”.

Chapter 5 Management Discussion and Analysis

9.6.3 Strengthening the driving force of the technological innovation

The Bank actively advanced the application of cutting-edge technologies such as big data and artificial intelligence (AI), fully unleashing the vitality of technological innovation. During the Reporting Period, the Bank was granted 10 software copyrights and applied for 6 invention patents. The “Next-Generation Payment System” project was awarded the Third Prize of Fintech Development Award of 2024 by the People’s Bank of China.

The technology framework of AI large language models has been steadily consolidated. The Bank is committed to building a diverse heterogeneous intelligent arithmetic infrastructure system, which achieves operation arithmetic of approximately 60PFlops for the Bank. The Bank made efforts to improve the model management system, achieving the localized deployment of multi-modal and multi-scale large language models such as DeepSeek and Qwen. The Bank formulated the Access Specification for Large Model Service of Zhongyuan Bank, standardizing the access and usage procedures for large language models throughout the Bank. Currently, daily calls to various large language models exceed 340,000 times, with daily throughput surpassing 100 million tokens. Overall model inference performance has increased by 20%, reliably supporting more than 60 intelligent application scenarios across the Bank.

Intelligent applications empowering business efficiency improvement. The intelligent credit assistant has served over 6,000 business managers across the Bank, generating more than 8,700 due diligence reports in total and boosting credit approval efficiency by 30%. Our proprietary data tool — “AI Quick Table”, has reduced report preparation time to mere minutes, achieving an accuracy rate of over 90%. A process efficiency assistant has been developed to achieve full-process data integration and visual monitoring for seven businesses including corporate credit, enabling institutions to precisely identify process bottlenecks. In addition, the Bank established an AI intelligent agent application development platform to create nine AI application scenarios including credit facilitation, operation assistant, and customer service quality inspection assistant, and launched over 20 intelligent agents. The Bank’s “Next-Generation Full-Process Credit Management Based on AI Technology” and the “AI Quick Table: Establishing a New Paradigm for Banking Data Analysis”, were selected for the “InfoQ 2025 China Technology Strength Annual List”.

9.6.4 Continued Enhancement of Technology Service Effectiveness

Continuous optimization of technology talent pool. As of the end of the Reporting Period, the technology team of the whole Bank consisted of over 900 people, with the allocation of key staff within the team continuously enhanced. The Bank organized multi-level professional training and conducted 19 specialized trainings across five key domains including product demand, structure governance and data analysis, with a focus on cultivating a team of versatile fintech talents that proficient in business operations, well-versed in technical expertise, and committed to innovation.

Continuous enhancement of the technology services effectiveness. The Bank continued to strengthen its “agility + stability” R&D delivery system, optimizing key mechanisms and processes such as requirement analysis and R&D delivery, refining the R&D delivery efficiency measurement model, and advancing agile practices towards lean management. By assigning requirement managers to project teams and implementing an “online + offline” coordinated mechanism, the Bank addressed pain points faced by branches at the front line, thereby facilitating the efficient fulfillment of high-quality requirements. The Bank strengthened its IT service platform construction to achieve the intelligent order assignment and visualisation across the entire process, which enabled the Bank to handle more than 20,000 orders with a resolution rate of 95.8% for the year, significantly enhancing the responsiveness and overall quality and efficiency of technology services.

Chapter 5 Management Discussion and Analysis

9.7 Investment Business of Subsidiaries, Associates and Joint Ventures

9.7.1 Business of county banks

9.7.1.1 Percentage of shareholding of the Bank in county banks

Name	Percentage of shareholding of the Bank
Linzhou Zhongyuan County Bank Co., Ltd. (林州中原村鎮銀行股份有限公司)	51.00%
Qixian Zhongyuan County Bank Co., Ltd. (淇縣中原村鎮銀行股份有限公司)	51.00%
Xinxiang Zhongyuan County Bank Co., Ltd. (新鄉中原村鎮銀行股份有限公司)	78.46%
Puyang Zhongyuan County Bank Co., Ltd. (濮陽中原村鎮銀行股份有限公司) ¹	-
Xiangcheng Zhongyuan Rural Bank Co., Ltd. (襄城中原村鎮銀行股份有限公司) ²	-
Xinyang Pingqiao Zhongyuan County Bank Co., Ltd. (信陽平橋中原村鎮銀行股份有限公司)	51.73%
Xiping Zhongyuan County Bank Co., Ltd. (西平中原村鎮銀行股份有限公司)	43.69%
Suiping Zhongyuan County Bank Co., Ltd. (遂平中原村鎮銀行股份有限公司)	51.02%
Shenzhen Nanshan Baosheng County Bank Co., Ltd. (深圳南山寶生村鎮銀行股份有限公司)	42.05%
Henan Luanchuan Minfeng County Bank Co., Ltd. (河南樂川民豐村鎮銀行股份有限公司) ¹	-
Mengjin Minfeng County Bank Co., Ltd. (孟津民豐村鎮銀行股份有限公司) ¹	-
Jiaxian Guangtian County Bank Co., Ltd. (郟縣廣天村鎮銀行股份有限公司) ²	-
Luohe Yancheng Zhongyuan County Bank Co., Ltd. (漯河鄆城中原村鎮銀行有限責任公司)	51.00%

¹ The 2025 second extraordinary general meeting was held on November 10, 2025 to consider and approve the absorption and merger of Puyang Zhongyuan County Bank, Mengjin Minfeng County Bank and Luanchuan Minfeng County Bank, please refer to the circular of the Bank dated October 20, 2025 and the announcement of the Bank dated November 10, 2025 for details. As of the date of this annual report, the Puyang Office of the National Financial Regulatory Administration and the Luoyang Office of the National Financial Regulatory Administration have respectively approved and agreed the acquisition of Puyang Zhongyuan County Bank, Mengjin Minfeng County Bank and Luanchuan Minfeng County Bank by the Bank, and the relevant procedures for the change are still in progress.

² The 2025 third extraordinary general meeting was held on December 24, 2025 to consider and approve the absorption and merger of Jiaxian Guangtian County Bank and Xiangcheng Zhongyuan Rural Bank, please refer to the circular of the Bank dated December 4, 2025 and the announcement of the Bank dated December 24, 2025 for details. As of the date of this annual report, the Xuchang Office of the National Financial Regulatory Administration and the Pingdingshan Office of the National Financial Regulatory Administration have respectively approved and agreed the acquisition of Jiaxian Guangtian County Bank and Xiangcheng Zhongyuan Rural Bank by the Bank, and the relevant procedures for the change are still in progress.

Chapter 5 Management Discussion and Analysis

9.7.1.2 Business development during the Reporting Period

During the Reporting Period, the Bank continued to strengthen the guidance and management of county banks by refining risk and financial control mechanisms, optimizing personnel management structures, and implementing measures such as strategic coordination, technology empowerment and liquidity support. The county banks always adhered to their positioning of “supporting the agriculture and small and micro enterprises (支農支小)” and upheld the principles of “micro and disperse (小額、分散)”. They continued to advance business expansion into the primary level and structural optimization, focusing on serving rural revitalization and inclusive finance, thereby further consolidating the foundations for compliant operations and solid growth.

9.7.2 Consumer Finance Company

During the Reporting Period, Zhongyuan Consumer Finance Company always adhered to the guidance of the Party building, adhered to the people-centered value orientation, and strictly implemented the requirements of high-quality development. Facing the dual challenges posed by a complex and volatile market environment and evolving industry policies, it always adhered to a prudent operation approach, continuously optimized its business structure, strictly controlled operational risks and enhanced service quality and efficiency, thereby earnestly fulfilling its responsibilities of supporting consumption upgrading and practicing inclusive finance.

9.7.3 Financial Leasing Companies

During the Reporting Period, AB Leasing thoroughly implemented the spirit of the 20th National Congress of the Party and its plenary sessions, closely aligned with the directives of the Central Financial Work Conference, the Central Economic Work Conference and the Provincial Party Committee’s Economic Work Conference, and earnestly advanced the study and education of the spirit of the Central Eight-Point Regulations. The company carried forward comprehensive and rigorous Party governance in depth, remained focused on its principal responsibilities and core business, striving to enhance quality and efficiency, and deepened industrial transformation, so as to strengthen risk prevention and control, and ensure substantial progress on the path toward high-quality development for the company.

During the Reporting Period, according to the work deployment of the Party Committee of the head office and closely adhering to the working idea of “pursuing progress while maintaining stability, prioritizing compliance, deepening transformation, and supporting the real economy”, BOL Financial Leasing prioritized Party building to pursue high-quality development, while strengthening its risk and compliance system construction and intensifying support for the real economy. By continuously driving business transformation, consistently enhancing asset quality and persistently reducing capital costs, it achieved sound quality and efficiency in overall operations and development.

Chapter 5 Management Discussion and Analysis

10 Risk Management

During the Reporting Period, the Bank resolutely implemented the spirit of the 20th National Congress of the Party and its plenary sessions, insisted on the strategy of “Four Banks” and focused on “building new core competitiveness through the characteristic operation and differentiated development”. The Bank remained committed to serving the real economy as its original mission, strictly upheld the bottom line of safeguarding the lifeline of asset quality, strived to enhance the intelligent risk control capabilities and systematically facilitated the construction of risk governance system, thereby providing solid support for the high-quality development of business and building a strong competitive first-class city commercial bank.

10.1 Credit Risk Management

The Bank improved credit risk management strategies and enhanced the guiding role of policies. It formulated and improved credit policies guidelines on key industries, products and areas in accordance with the changes in regulatory policies and the macroeconomic situation to lead the steady business development and optimize its credit structure. The Bank stringently implemented management and control measures of customer risk limits, and strengthened the active management of credit limits to improve the control and guiding role on the credit business.

The Bank optimized the credit approval mechanism and deepened digital intelligence empowerment. It refined the mechanism for the prioritized participation of product departments in approval decision-making to enhance the professionalism of the approval process. The Bank continued to strengthen the competency development of its approval teams and established standardized approval criteria and a shared understanding of risk appetite. The Bank deepened its review and analysis of key sectors to seek guidance for its credit policies, while optimizing and iterating its credit system to comprehensively upgrade system functionalities. It enhanced its auxiliary approval decision-making system, successively launching multiple credit decision support models and compliance rules.

The Bank enhanced the quality and efficiency of credit management by strengthening the credit risk prevention and control. Strictly adhering to the strategy of “Four Banks”, the Bank formulated annual targets and plans on the management and control of the quality of assets, and continually optimized asset structure to enhance the quality of assets. The Bank maintained a sharp focus on the disposal of major non-performing projects and the mitigation of key risk associated with clients, making every effort to recover and reduce non-performing assets. It stepped up the efforts on the reconstruction of the new credit risk early warning system, continuously enhancing the digital and intelligent capabilities of post-lending management. The Bank regularly conducted off-site monitoring and on-site inspections, established a full-process default management mechanism, and implemented rigorous management of the near-due and collections. It strengthened oversight of priority areas and capital utilization, consistently reduced the credit business in other regions, and proactively withdrew from business with potential risk exposures, aiming to strictly prevent the new deteriorations, and solidly facilitate credit risk prevention and control.

Chapter 5 Management Discussion and Analysis

The Bank consolidated the foundation for risk quantification and enhanced risk management capabilities. It continued to deepen the development of the internal rating system of credit risk, clarified the optimization channels for non-retail rating models, actively communicated and reported to regulatory authorities while facilitating the policy transmission in line with compliance requirements. In addition, it strengthened the full lifecycle management of retail scorecard models and consolidated the framework for model risk governance, ensuring the robustness and compliance of model applications. The Bank completed the update and reinspection of the expected credit loss model parameters, conducted independent third-party verification to ensure prudence and reliability of the model, while promoting the functional upgrade of the new financial asset impairment system to continually enhance risk resilience. It deeply implemented the new capital regulations, improved the implementation and management system for capital measurement, completed the development of the risk-weighted asset management system to achieve systematic and standardized capital measurement, providing a robust foundation for capital and risk management across the Bank and effectively enhancing capital allocation efficiency and risk control capabilities.

The Bank stringently controlled the large amount risk exposures and optimized concentration management. In strict compliance with the requirements of regulatory authorities on the management of large amount risk exposure, the Bank regularly carried out the measurement, monitoring and reporting of large amount risk exposure and effectively implemented the management of various risk limits.

During the Reporting Period, the Bank's large amount risk exposure indicators all met the regulatory requirements, and the credit risk was stable and controllable.

10.2 Market Risk Management

During the Reporting Period, in adherence to the regulatory guidance and market trends, the Bank continuously enhanced the market risk management system and comprehensively improved management quality and efficiency.

The Bank dynamically optimized the market risk limit management system and formulated an annual limit management plan in accordance with business development and regulatory requirements. It also reinforced the forward-looking guidance of limit management through daily monitoring and dynamic reinspection, so as to ensure the sound development of the business.

The Bank constantly enhanced market risk measurement capabilities, optimized market risk management system functions, and deepened full-process management of financial market operations, thereby improving the automation and intelligence level of market risk management.

Closely focusing on macroeconomic and policy trends, the Bank enhanced high-frequency measurement, monitoring, analysis and report on risk exposure and level based on the risk characteristics of different types of financial market businesses and improved the timeliness and effectiveness of market risk monitoring and control.

During the Reporting Period, all market risk indicators of the Bank remained stable, and the overall risk situation was controllable.

Chapter 5 Management Discussion and Analysis

10.3 Operational Risk Management

During the Reporting Period, the Bank continuously improved the operational risk management system. In accordance with the regulatory requirements for operational risk management and the Bank's actual circumstances, the Bank formulated operational risk appetite policies and adjusted operational risk appetite indicators to enhance the transmission mechanism for operational risk appetite. With a focus on digital intelligence empowerment, the Bank constantly optimized the operational risk management system functions to improve operational efficiency. The Bank intensified its efforts on its operational risk cultural cultivation and promotion through diverse channels and forms, so as to enhance risk management awareness among all staff.

The Bank deepened the application of the three major operational risk management tools. The Bank carried out data governance for loss events, broadened the sources of loss event clues, and optimized the identification mechanisms for loss events. It conducted regular monitoring of key risk indicators, and optimized indicator parameters in accordance with actual management practices. The Bank conducted periodic process reviews and risk self-assessments to identify control defects and hidden risks in key products and management processes.

The Bank constantly enhanced internal control and compliance management. It attached great importance to the management of employee conduct and case prevention, and regularly conducted investigations into abnormal employee transactions and case-related risks. The Bank formulated the "Annual Work Plan for Compliance Enhancement of Zhongyuan Bank", arranged for the "three-year inspection covering all branches and direct sub-branches (分行、直屬支行三年檢查全覆蓋)"; aiming to conduct comprehensive inspections on the branches, and reinforce the rectification of issues identified.

The Bank enhanced the development of business continuity, network security, and data security management systems. It continued to standardize business continuity management and revised the Measures for the Administration of Business Continuity of Zhongyuan Bank. The Bank issued the Security Technical Specifications for Large Language Model of Zhongyuan Bank, completed security assessment and reinforcement of large language model applications, thereby effectively safeguarding business application innovation. The Bank fulfilled its data security responsibilities by conducting a self-assessment of data security across the Bank, coupled with regular publicity of network and data security.

During the Reporting Period, the Bank's overall operation was standardized and orderly, and there was no major operational risk event.

10.4 Liquidity Risk Management

During the Reporting Period, the Bank continually optimized and enhanced the liquidity risk management system. It strengthened organizational management and clarified the division of responsibilities. The Bank constantly refined liquidity management tools and strategy system while improving the coordinated management and control mechanism of the liquidity risk at the group level, so as to intensify the regular monitoring of liquidity risk. It also provided guidance and assistance to subsidiaries in bolstering liquidity management, and made efforts to raise the Group's liquidity risk management capabilities, while fully leveraging the decision-making role of the Asset and Liability Management Committee in asset, liability, and liquidity management strategies, thereby ensuring the effective transmission of liquidity risk management strategies.

Chapter 5 Management Discussion and Analysis

The Bank continued to optimize and update its liquidity risk management system to enhance its applicability in accordance with the changes in regulatory policies and internal management requirements. The Bank continued to enrich management tools such as gap management, limit management, financing management, liquid assets reserve management, stress test and emergency drill, and enhance active management capabilities of liquidity risk. It constantly facilitated the development of its liquidity management information system with a particular focus on online and intelligent levels, and improved the accuracy of intraday position management and the timeliness of daily liquidity monitoring, thereby ensuring liquidity security and enhancing the quality and efficiency of management. It strengthened asset-liability structure management and duration management, and rationally adjusted the business term structure. The level of overall term mismatch and gap was controlled within a reasonable range; the active liability tools were rationally used to improve the diversity and stability of liability sources. The Bank seized the opportunities to increase the allocation of high-quality bonds, intensively deployed high-quality liquid assets to improve the risk mitigation and prevention abilities. The Bank conducted periodic liquidity risk-related stress test and focused on the analysis and application of stress test results to guide the optimization of its asset-liability strategies. It also conducted emergency drills on a regular basis and reviewed the effectiveness of the emergency drill process to prevent and reduce the negative impacts of the liquidity risk events to the maximum extent. The Bank actively disseminated the monetary policy of the central bank, strengthened its responsibility, and effectively maintained the safety and stability of regional liquidity.

During the Reporting Period, the liquidity risk of the Bank was safe and controllable.

10.5 Information Technology Risk Management

During the Reporting Period, the Bank continually enhanced its information technology risk management system, further consolidating the foundation of information technology risk governance. In line with the management objectives of "comprehensive coverage, intensified monitoring, and double-closed-loop", the Bank established a system for information technology risk management characterised by clearly defined responsibilities, sound mechanisms, and effective operation. The Bank continued to strengthen its assessment mechanisms for information technology risk, systematically improving its capability across the Bank to identify, analyse and comprehensively assess information technology risks. Focusing on key areas including information system operations, data security, outsourcing management, business continuity, data centre operational support, as well as major projects and significant system changes, the Bank conducted annual risk assessments, specialized assessments and post-risk evaluations. Through pre-assessment and post-evaluation, it promptly identified potential risks and efficiently implemented the rectification process, thereby providing effective support for scientific decision-making by the management.

The Bank continuously improved its dynamic monitoring and early warning disposal mechanisms for information technology risk, and consistently enhanced the systematic, forward-looking and effective risk monitoring. By optimizing the risk monitoring system, the Bank has established a monitoring system covering the information system operations, information security, outsourcing management, business continuity, and the application of emerging technologies. Regular risk monitoring and analysis were conducted to strengthen the closed-loop management covering risk early warning, problem tracking, and rectification, thereby ensuring overall control of information technology risks.

During the Reporting Period, the Bank's information technology risk was stable and controllable.

Chapter 5 Management Discussion and Analysis

10.6 Reputational Risk Management

During the Reporting Period, the Bank maintained a dual emphasis on the prevention and disposal of reputational risk, and upheld the principles of “forward-looking”, “matching”, “full coverage” and “effectiveness” to continually enhance its full-process risk prevention and incident response capabilities. Through the optimization of closed-loop management system encompassing the full process of “monitoring – early warning – disposal – rectification”, the Bank enhanced its 24/7 monitoring mechanism and dedicated emergency response plans to prudently handle public opinion of concern and facilitate the ongoing optimization of institutional mechanisms. The Bank intensified its efforts to implement regular risk investigations and risk list tracking mechanisms, conducted regular targeted investigations into potential risks, and advanced root-cause rectification, ensuring the early identification, warning, and resolution of risk hazards. By organizing specialized trainings and conducting “double-blind” practical exercises, the Bank comprehensively examined and enhanced its overall emergency response and handling capabilities, thereby heightening the awareness of preventing reputational risk among all employees. Meanwhile, with a focus on the implementation of the spirit of the Central Financial Work Conference, the execution of “five priorities (technology finance, green finance, inclusive finance, pension finance and digital finance)”, the publication of annual results announcement, and significant internal events, the Bank carried out a series of themed publicity through innovative communication channels, proactively demonstrating the Bank’s good image of serving the real economy and maintaining prudent operations.

During the Reporting Period, the Bank’s reputational risk was stable and controllable.

10.7 Exchange Rate Risk Management

During the Reporting Period, the Bank incorporated full-book exchange rate risk into the market risk capital measurement under strict compliance with regulatory requirements. The Bank maintained its prudent risk preference, closely monitored the changing trend of exchange rates, proactively analyzed the fluctuation of global exchange rate market, formulated staged foreign exchange hedging strategies, smoothed the hedging cost, and reduced foreign exchange exposure risk. The Bank formulated foreign exchange quota indicators, conducted the quota review on a regular basis to compact the exchange rate risk tolerance, paid continuous attention to the exposure positions of various foreign currencies held by the Bank during the daily management, carried out foreign exchange risk stress tests, and continuously managed foreign exchange business and quota.

During the Reporting Period, the Bank’s exchange rate risk was stable and controllable.

10.8 ESG Risk Management

In recent years, the Bank has actively undertaken environmental and social responsibilities, so as to improve its ESG performance constantly. By advancing the construction of the ESG risk management system, the Bank deeply integrated the concept of sustainable development into its corporate governance and strategic decision-making. The Board of Directors and its special committees played a pivotal role in significant ESG decision-making and oversight, while actively participating in pertinent training and promoting the concept of ESG to comprehensively enhance the understanding and practice of ESG management across the Bank.

At the business level, the Bank effectively strengthened ESG risk management across industries and actively implemented the national green development policies. By optimizing the allocation of credit resources, the Bank placed emphasis on directing financial resources towards green sectors, such as energy conservation and environmental protection, and strategic emerging industries. Priority support was afforded to industries and projects which were in alignment with ESG principles, and characterized by low energy consumption, low emission, low pollution and sound market prospects, thereby demonstrating the Bank’s firm commitment to advancing the green and low-carbon transformation of the economy and society.

Chapter 5 Management Discussion and Analysis

11 OPERATING STRATEGIES AND PROSPECTS FOR DEVELOPMENT

2025 marks a pivotal year when China concluded its “14th Five-Year Plan” and built momentum to kick off the “15th Five-Year Plan”. It is also a crucial juncture for Zhongyuan Bank, marking the completion of its first decade of leapfrog development and the beginning of a new journey. Despite the dual challenges of weakening global economic growth momentum and deepening domestic structural adjustments, China remained committed to the new development philosophy and advanced high-quality development. China ranks among the world’s fastest-growing major economies in terms of GDP, and its economy is showing a sound development momentum of innovation-driven improvement, with higher quality and efficiency. Meanwhile, it also faces challenges of our times: further efforts are still required to keep stimulating domestic demand, alleviate lingering employment pressures, and further consolidate the foundation for economic recovery and growth. In the era of accelerating changes unseen in a century, the banking industry confronts the dual challenges of a complex and volatile external environment and insufficient effective internal demand, while simultaneously embracing strategic opportunities presented by coordinated policy efforts and the accelerated cultivation of new quality productive forces.

In 2026, Zhongyuan Bank will continue to follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly study and implement the guiding principles from the 20th CPC National Congress and the plenary sessions of the 20th CPC Central Committee, and act on the guidelines of the Central Economic Work Conference. Anchored by the major requirements of “Two High-level Priorities and Four Areas of Emphasis (兩高四著力)” and focusing on the “1+2+4+N” goal framework of the Henan Provincial Committee of the CPC, the Bank will fully support the construction of “a strong province in six areas (六個強省)”, accelerate its differentiated development through characteristic operations, forge new core competitiveness, and serve as the pioneer of financial reform in Henan Province.

Chapter 5 Management Discussion and Analysis

I. Deepen its “Four Banks” strategy to empower the real economy. Firstly, optimize its banking services for the government. Based on its position as a provincial corporate bank, the Bank will focus on the implementation of major strategies, proactively coordinate key projects, and strengthen financial support for national and provincial strategies. It will deepen the “headquarters-to-headquarters” government-bank cooperation, upgrade its financial advisory services for the government, assist in resolving local government debt, support the construction of a “digital government”, and set a benchmark for integrated services encompassing “financial intelligence + financing + technology”, fulfilling its financial responsibility in serving the overall economic development of Henan Province. Secondly, solidify its industry-oriented banking services. It will provide differentiated services throughout the entire lifecycle of technological innovation enterprises, and expand its offering of specialized credit products; focus on regional characteristic industries, develop exclusive service solutions, and strengthen support for green finance and the cultural tourism industry. Prioritizing leading enterprises in the industrial chain, the Bank will extend its services to upstream and downstream players, and build an industrial service ecosystem with diversified financial products to facilitate the transformation of traditional industries, the ascent of emerging industries, and the rapid growth of future industries. Thirdly, strengthen its banking services for citizens. Adhering to its original aspiration of serving the people through finance, the Bank will develop a differentiated service system for specific customer groups such as new citizens, entrepreneurs, and the elderly. It will improve the framework of product benefits and promote online credit and wealth management products; strengthen online and offline collaboration, establish star-rated offline branches and specialized sub-branches, and iterate online channel functionalities, in an effort to enhance service quality and efficiency. It will also upgrade the framework of customer benefits by integrating resources from lifestyle scenarios and fostering an engaging local community ecosystem, aiming to achieve deep integration of finance and daily life and make financial services readily accessible. Fourthly, expand its banking services for rural revitalization. The Bank will seize the opportunity presented by building a strong agricultural province and deploy resources to county-level areas. In line with county-level development plans, the Bank will further promote the mode of “three major industries at the county level (一縣三產)”, innovate specialized credit products, and increase support for food security and related areas. It will enhance county-level grid-based management and online promotion channels, optimize its branch network, and enrich the functionalities of its “Rural Online” platform. The Bank will strengthen resources and personnel support at the county level to establish benchmark sub-branches, share best practices, and unlock the potential of the county-level market.

II. Strengthen basic capabilities building to solidify the foundation for development. Firstly, improve the corporate governance system. The Bank will facilitate the integration of CPC leadership and its corporate governance, optimize its corporate governance structure, improve the quality and efficiency of duties performance. Greater efforts will be made to rectify the issues identified in governance assessment, ensuring the Bank’s robust development with high-standard governance. Secondly, enhance its professional services capability. By establishing regular training and certification mechanisms and promoting the “Learning by Doing (幹中學)” model, the Bank aims to strengthen its capability to apply digital intelligence technology such as artificial intelligence (AI), thereby transforming staff headcount into development momentum. Thirdly, optimize its performance evaluation system. The Bank will align the performance evaluation system with its strategies and optimize its remuneration distribution structure, rewarding grassroots and front-line positions and positions with significant value contribution. The Bank will refine a precise accountability and reasonable fault-tolerance mechanism, while improving the dual-track promotion path for management and professional roles, to stimulate the intrinsic motivation for entrepreneurship across the Bank. Fourthly, further advance the “Three Light” transformation. The Bank will adhere to a development model characterized by light asset, light capital and light cost, keep optimizing its asset-liability structure, and expand revenue growth sources for its light-capital business; refine cost control to enhance operational efficiency; deepen technological empowerment by expanding application scenarios of AI and automation technology, with a view to driving efficiency improvement through digital intelligence transformation.

Chapter 5 Management Discussion and Analysis

III. Deepen the reform to defuse risks and solidify the foundation of security. Firstly, make targeted efforts to control new exposure while addressing the existing ones. The Bank will maintain a prudent risk appetite, implement differentiated authorization, and clarify the bottom line for credit origination. By building a closed-loop risk control system covering the entire process, innovating the pathways for non-performing asset disposal and implementing classified policies to resolve risks in key areas, the Bank is committed to safeguarding the lifeline of asset quality. Secondly, efficiently advance the reforms of its subsidiaries. The Bank will continue to advance the reform of its rural banks to defuse risks and accelerate the business transformation and development of its subsidiaries. By strengthening intra-group collaboration, the Bank aims to increase the revenue and profit contribution of its subsidiaries to the parent bank, achieving synergistic development. Thirdly, refine internal control and compliance management. By promoting grid-based compliance management, improving the compliance management system, embedding compliance requirements into the entire business process, and continuously improving the consumer protection mechanism to strengthen consumer rights protection, the Bank is seeking to raise its regulatory ratings. The Bank will balance development and security, improve its emergency plans and strengthen public opinion management to build a solid security defense line.

As the tide surges forward, success only favors those who boldly forge ahead; despite the perilous obstacles, those who take the initiative triumph. In 2026, Zhongyuan Bank will examine its position in this era with a broader vision, serve the overall development with more pragmatic measures, integrate its own growth into the magnificent journey of the rise of central China, and hone its core competitiveness in serving the real economy and in the reform to defuse risks, with the ambition of contributing tremendous financial power to writing a new chapter in the Chinese-style modernization of central China.

12 Subsequent Events

As of the date of this annual report, the Bank has no other material subsequent event.

13 Contingent Liabilities

As at December 31, 2025, save as disclosed in Note 48(c) of the consolidated financial statements in this annual report, the Group has no other contingent liabilities.

Chapter 6 Changes in Share Capital and Information on Shareholders

1. Changes in Ordinary Shares of the Bank during the Reporting Period

As of the end of the Reporting Period, the total issued ordinary share capital of the Bank was 36,549,823,322 Shares¹, comprising 6,945,000,000 H Shares and 29,604,823,322 Domestic Shares.

2. Shareholdings of Top Ten Non-Overseas Listed Domestic Shareholders of the Bank

As of the end of the Reporting Period, there was no controlling shareholder and actual controller of the Bank. As at the end of the Reporting Period, the shareholdings of the Bank's top Ten non-overseas listed domestic Shareholders of ordinary Shares were as follows:

No.	Name of Shareholders	Nature of Shareholders	Number of Shares held at the end of the Reporting Period	Approximate percentage of the total share capital of issued ordinary shares of the Bank at the end of the Reporting Period
1	Henan Investment Group Co., Ltd. (河南投資集團有限公司)	State-owned Legal Person Shareholder	2,500,372,826	6.84%
2	Luoyang Municipal Finance Bureau (洛陽市財政局) ⁽¹⁾	State Shares	1,361,571,120	3.73%
3	China Tourism Group Corporation Limited (中國旅遊集團有限公司)	State-owned Legal Person Shareholder	1,061,521,911	2.90%
4	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	State-owned Legal Person Shareholder	791,131,350	2.16%
5	Henan Zhaoteng Investment Group Co., Ltd. (河南省兆騰投資集團有限公司)	Privately-owned Legal Person Shareholder	683,252,415	1.87%
6	Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司)	Privately-owned Legal Person Shareholder	600,000,000	1.64%
7	Henan State-owned Capital Operation Group Investment Co., Ltd. (河南國有資本運營集團投資有限公司)	State-owned Legal Person Shareholder	506,751,425	1.39%
8	Luoyang Urban and Rural Construction Investment Group Co., Ltd. (洛陽城鄉建設投資集團有限公司)	State-owned Legal Person Shareholder	504,435,685	1.38%
9	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司)	Privately-owned Legal Person Shareholder	500,000,000	1.37%
10	Jiaozuo Construction Investment (Holdings) Co., Ltd. (焦作市建設投資(控股)有限公司)	State-owned Legal Person Shareholder	433,237,588	1.19%
Total			8,942,274,320	24.47%

(1) On January 20, 2026, the Henan Office of the National Financial Regulatory Administration approved the acquisition of 1,361,571,120 Shares of Luoyang Municipal Finance Bureau by Luoyang Guosheng Investment Holding Group Co., Ltd. (洛陽國晟投資控股集團有限公司). As of the date of this annual report, to the best of the Bank's knowledge, transfer procedures are still in process.

¹ The registered capital of Zhongyuan Bank was changed from RMB20,075,000,000 to RMB36,549,823,322 as approved by the former CBIRC Henan Office. As of the date of this annual report, the registration of registered capital for change with the competent authority of industry and commerce is still in progress.

Chapter 6 Changes in Share Capital and Information on Shareholders

3. Interests and Short Positions of Substantial Shareholders and Other Persons in the Shares and Underlying Shares

As of the end of the Reporting Period, so far as is known to the Bank and the Directors, substantial Shareholders of the Bank and other persons (other than Directors, Supervisors and chief executive officer of the Bank) who had interests and short positions in the Shares and underlying Shares of the Bank which were required to be notified to the Bank or the Hong Kong Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Bank under Section 336 of the SFO were as follows:

Name of Shareholders	Class of Shares	Nature of interests	Number of Shares ⁽¹⁾	Approximate percentage of the total issued share capital of the relevant class of the Bank at the end of the Reporting Period ⁽²⁾	Approximate percentage of the total issued share capital of ordinary shares of the Bank at the end of the Reporting Period ⁽²⁾
Henan Investment Group Co., Ltd. (河南投資集團有限公司) ⁽³⁾	Domestic Shares	Beneficial owner	2,500,372,826 (L)	8.45%	6.84%
	Domestic Shares	Interest in controlled corporation	1,061,696,733 (L)	3.59%	2.90%
AMTD Group Company Limited ⁽⁴⁾	H Shares	Interest in controlled corporation	482,288,000 (L)	6.94%	1.32%
L.R. Capital Management Company (Cayman) Limited ⁽⁴⁾	H Shares	Interest in controlled corporation	482,288,000 (L)	6.94%	1.32%
NEW MERIT GROUP LIMITED	H Shares	Beneficial owner	453,636,000 (L)	6.53%	1.24%
GOLD LEADING CAPITAL LIMITED	H Shares	having a security interest in the Shares	573,964,000 (L)	8.26%	1.57%
Piramid Park Co., Ltd ⁽⁵⁾	H Shares	Beneficial owner	999,831,000 (L)	14.40%	2.74%
XU Yan (徐雁)	H Shares	Interest in controlled corporation	999,831,000 (L)	14.40%	2.74%

Notes:

- (1) (L) represents the long position, (S) represents short position.
- (2) As at December 31, 2025, the number of total issued Shares of the Bank was 36,549,823,322, comprising 6,945,000,000 H Shares and 29,604,823,322 Domestic Shares. As of the date of this annual report, the registration for change with the competent authority of industry and commerce is still in progress.
- (3) Henan Investment Group Co., Ltd. (河南投資集團有限公司) is wholly owned by the Finance Department of Henan Province (河南省財政廳). Henan Investment Group Co., Ltd. directly holds 2,500,372,826 Domestic Shares of the Bank (long positions), indirectly holds 17,696,926 Domestic Shares of the Bank (long positions) through its controlled corporation, Henan Huirong Industrial Operation and Management Co., Ltd. (河南匯融產業運營管理有限公司), and indirectly holds 791,131,350 Domestic Shares of the Bank (long positions) through controlled corporation, Zhongyuan Trust Co., Ltd. (中原信託有限公司), and indirectly holds 252,868,457 Domestic Shares of the Bank (long positions) through controlled corporation, Henan Asset Management Co., Ltd (河南資產管理有限公司).
- (4) L.R. Capital Management Company (Cayman) Limited, through its controlled corporations, namely L.R. Capital Financial Holdings Limited, AMTD Group Company Limited and AMTD Asia (Holdings) Limited, indirectly holds 482,288,000 H Shares of the Bank (long positions) held by AMTD Asia Limited. Therefore, by virtue of the SFO, each of L.R. Capital Management Company (Cayman) Limited, L.R. Capital Financial Holdings Limited, AMTD Group Company Limited and AMTD Asia (Holdings) Limited is deemed to be interested in the H Shares of the Bank (long positions) held by AMTD Asia Limited.
- (5) Piramid Park Co., Ltd is wholly owned by XU Yan (徐雁).

Chapter 6 Changes in Share Capital and Information on Shareholders

Save as disclosed above, to the knowledge of the Bank, none of the other substantial Shareholders or persons had, as at December 31, 2025, any interests or short positions in the Shares or underlying Shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO.

4. Shareholdings of Top Ten Shareholders as at the End of the Reporting Period

As at the end of the Reporting Period, the top ten Shareholders of the Bank together held 41.99% of the Bank's total share capital. Among the top ten Shareholders, the largest Shareholder of Non-overseas Listed Shares was Henan Investment Group Co., Ltd., which held 6.84% of the total share capital, the second largest Shareholder was Luoyang Municipal Finance Bureau with 3.73% of the total share capital, and the third largest Shareholder was China Tourism Group Corporation Limited with 2.90% of the total share capital. The largest and third largest Shareholders of Non-overseas Listed Shares are wholly state-owned enterprises, and the second is a local financial department. The shareholdings of the top ten Shareholders were as follows:

No.	Name of Shareholders	Class of Shares	Nature of Shareholders	Number of Shares held at the end of the Reporting Period	Approximate percentage of the total share capital of issued ordinary shares of the Bank at the end of the Reporting Period ⁽¹⁾
1	HKSCC Nominees Limited ⁽²⁾	H Shares	Other	6,836,866,399	18.71%
2	Henan Investment Group Co., Ltd. (河南投資集團有限公司)	Domestic Shares	State-owned Legal Person Shareholder	2,500,372,826	6.84%
3	Luoyang Municipal Finance Bureau (洛陽市財政局) ⁽³⁾	Domestic Shares	State Shares	1,361,571,120	3.73%
4	China Tourism Group Corporation Limited (中國旅遊集團有限公司)	Domestic Shares	State-owned Legal Person Shareholder	1,061,521,911	2.90%
5	Zhongyuan Trust Co., Ltd. (中原信託有限公司)	Domestic Shares	State-owned Legal Person Shareholder	791,131,350	2.16%
6	Henan Zhaoteng Investment Group Co., Ltd. (河南省兆騰投資集團有限公司)	Domestic Shares	Privately-owned Legal Person Shareholder	683,252,415	1.87%
7	Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司)	Domestic Shares	Privately-owned Legal Person Shareholder	600,000,000	1.64%
8	Henan State-owned Capital Operation Group Investment Co., Ltd. (河南國有資本運營集團投資有限公司)	Domestic Shares	State-owned Legal Person Shareholder	506,751,425	1.39%
9	Luoyang Urban and Rural Construction Investment Group Co., Ltd. (洛陽城鄉建設投資集團有限公司)	Domestic Shares	State-owned Legal Person Shareholder	504,435,685	1.38%
10	Bank of Jiujiang Co., Ltd. (九江銀行股份有限公司)	Domestic Shares	Privately-owned Legal Person Shareholder	500,000,000	1.37%
Total				15,345,903,131	41.99%

Notes:

- (1) It was calculated on the basis of the total share capital of the Bank of 36,549,823,322 shares.
- (2) HKSCC Nominees Limited, as a nominee, held 6,836,866,399 H Shares in aggregate of the Bank on behalf of several clients, representing 18.71% of the issued share capital of the Bank. As a member of the Central Clearing and Settlement System, HKSCC Nominees Limited conducts registration and custodian business for clients.
- (3) On January 20, 2026, the Henan Office of the National Financial Regulatory Administration approved the acquisition of 1,361,571,120 Shares of Luoyang Municipal Finance Bureau by Luoyang Guosheng Investment Holding Group Co., Ltd.. As of the date of this annual report, to the best of the Bank's knowledge, transfer procedures are still in process.

Chapter 6 Changes in Share Capital and Information on Shareholders

5. Shareholders Holding 5% or More of the Total Ordinary Share Capital of the Bank

Please refer to the relevant section “Changes in Share Capital and Information on Shareholders” for details of the Shareholders with an interest in 5% or more of the share capital of the Bank.

6. Information on Substantial Shareholders Disclosed Under the Interim Measures for the Equity Management of Commercial Banks

As of the end of the Reporting Period, according to the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》), in addition to the one Shareholder mentioned above, namely Henan Investment Group Co., Ltd. (河南投資集團有限公司), the following three Shareholders are also substantial Shareholders of the Bank.

- (1) China Tourism Group Corporation Limited (中國旅遊集團有限公司), holding 1,061,521,911 Domestic Shares of the Bank, was incorporated in Haikou Integrated Free Trade Zone, Hainan Province on January 3, 1987 with a registered capital of RMB15,800 million. The company’s business scope includes the operation and management of state-owned assets within the scope authorized by the State Council; development and operation of tourism, steel and real estate, and investment and management of logistics trade; construction, planning design and operation management of tourist attractions, theme parks and resorts, golf clubs, and tourism infrastructure; tourist information services; retail and wholesale of tourist goods; organizing cultural and artistic exchange activities; hosting conferences and exhibitions; various ticket agency services; advertising production and publishing; hotels investment and operation management, entrusted management and consulting; real estate development and operation; property leasing and management; leasing commercial buildings; international and domestic freight forwarding; goods subcontracting and warehousing; technology development, sales, service and consulting; import and export business. During the Reporting Period, the company assigned a supervisor, namely YAN Yongfu (閻永夫), to the Bank. With effect from January 5, 2026, the Bank ceased to have the Board of Supervisors, and Mr. YAN Yongfu ceased to serve as a Supervisor of the Bank. China Tourism Group Corporation Limited ceased to serve as a substantial Shareholder of the Bank.
- (2) Jiangsu Wuzhong Group Co., Ltd. (江蘇吳中集團有限公司), holding 420,238,000 Domestic Shares of the Bank, was incorporated in Wuzhong District, Suzhou City, Jiangsu Province on May 26, 1992 with a registered capital of RMB100 million. The company’s business scope includes construction of municipal public facilities; investment in education, tourism and other industries; business management; domestic trade (where the business scope involves special approval stipulated by the state, approvals should be obtained prior to the commencement of operation); house leasing; property management; investment management consulting services; sales of gold, gold jewelry, handicrafts and non-ferrous metal materials; setting up branches operating in the design, production, agency and publishing of various domestic and foreign advertisements; real estate development and operation; (for projects subject to approval in accordance with law, approvals from the relevant authorities must be obtained prior to the commencement of operation) general projects: sales of building materials; sales of ecological environment materials; sales of specialized equipment for environmental protection; sales of mechanical and electrical equipment (except for projects subject to the approval, the business activities shall be conducted independently with the business licences in accordance with the laws). During the Reporting Period, the company assigned a director, namely ZHANG Shu (張姝), to the Bank.

Chapter 6 Changes in Share Capital and Information on Shareholders

- (3) Henan Rebecca Hair Products, Inc. (河南瑞貝卡髮製品股份有限公司), holding 109,125,598 Domestic Shares of the Bank, was incorporated in Jian'an District, Xuchang City on October 24, 1999 with a registered capital of RMB1,131,985,440. The company's business scope includes manufacture and sales of hair products series and technical services; manufacture and sales of composite fiber material (fiber hair) products and services; operation of export business of the enterprise's self-produced products and related technologies; operation of import business of raw and auxiliary materials, mechanical equipment, instruments, spare parts and related technologies required for the enterprise's production and scientific research; operation of the enterprise's processing of imported materials and three categories of processing and one category of compensation business; sales business of textiles, beauty and hairdressing commodities; conference services. During the Reporting Period, the company assigned a supervisor, namely LU Suyue (陸素月), to the Bank. With effect from January 5, 2026, the Bank ceased to have the Board of Supervisors, and Ms. LU Suyue ceased to serve as a Supervisor of the Bank. Henan Rebecca Hair Products, Inc. ceased to serve as a substantial Shareholder of the Bank.

7. Equity Pledge and Freezing

As of the end of the Reporting Period, so far as is known to the Bank, the Bank's 4,101,561,198 Domestic Shares were subject to pledge, accounting for 11.22% of the total number of issued ordinary shares (of which, the Domestic Shares pledged by the Bank's substantial Shareholders accounted for 1.31% of the total number of issued ordinary shares). In addition, there were 1,006,977,807 Domestic Shares that were judicially frozen.

Chapter 7 Directors, Supervisors¹, Senior Management, Employees and Institutions

1 Information of Directors and Senior Management as at the End of the Reporting Period

1.1 Basic Information of Directors

Name	Gender	Month and year of birth	Positions	Starting time of term of office	Shareholding or not
GUO Hao (郭浩)	Male	June 1974	Executive Director, chairman of the Board	October 2023	No
ZHOU Feng (周鋒) ²	Male	January 1977	Executive Director, vice chairman of the Board ²	January 2026	No
FENG Ruofan (馮若凡)	Male	September 1983	Non-executive Director	November 2023	No
LI Wenqiang (李文強)	Male	September 1984	Non-executive Director	December 2025	No
ZHANG Shu (張姝)	Female	June 1965	Non-executive Director	November 2023	No
XU Yiguo (徐義國)	Male	June 1972	Independent non-executive Director	November 2023	No
ZHAO Zijian (趙紫劍)	Female	October 1968	Independent non-executive Director	November 2023	No
WANG Maobin (王茂斌)	Male	October 1973	Independent non-executive Director	November 2023	No
PAN Xinmin (潘新民)	Male	January 1957	Independent non-executive Director	November 2023	No
GAO Pingyang (高平陽)	Male	July 1979	Independent non-executive Director	November 2023	No

1.2 Basic Information of Senior Management

Name	Gender	Month and year of birth	Positions	Starting time of term of office	Shareholding or not
ZHOU Feng (周鋒)	Male	January 1977	Deputy secretary to the party committee and president	December 2025	No
ZHOU Litao (周麗濤)	Male	November 1979	Standing committee member of the party committee and vice president	November 2023	No
YAO Huiyuan (姚輝元)	Male	May 1973	Standing committee member of the party committee and vice president	November 2025	No
LIU Qingfen (劉清奮)	Male	March 1970	Standing committee member of the party committee and vice president	November 2025	No
WANG Tianqi (王天奇)	Male	February 1985	Member of the party committee and vice president	November 2025	No
SHAO Qiang (邵強)	Male	October 1970	Member of the party committee and assistant to the president	November 2023	No

¹ The dissolution of the Board of Supervisors of the Bank came into effect on January 5, 2026. For details, please refer to the announcement of the Bank dated January 8, 2026.

² The qualification of Mr. ZHOU Feng as a Director and the vice chairman of the Board was approved by the Henan Office of the National Financial Regulatory Administration on January 4, 2026. For details, please refer to the announcement of the Bank dated January 7, 2026.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Name	Gender	Month and year of birth	Positions	Starting time of term of office	Shareholding or not
WANG Le (王樂)	Male	November 1977	Member of the party committee, assistant to the president and secretary of the party committee and the president of Luoyang Branch	November 2023	No
LIU Juan (劉娟)	Female	November 1973	Member of the party committee and assistant to the president	November 2023	No
YAO Hongbo (姚紅波)	Male	April 1969	Assistant to the president	November 2023	No
SUO Jia (索佳)	Female	January 1975	Assistant to the president	November 2023	No
ZHANG Ke (張克)	Male	October 1977	Assistant to the president and secretary to the party committee and president of Zhengzhou Branch	October 2025	No
HU Hao (扈浩)	Male	July 1983	Chief information officer	November 2023	No
NIE Guoqing (聶國慶)	Male	April 1969	Business director	November 2023	No
PAN Wenyao (潘文堯)	Male	September 1972	Secretary to the Board	December 2023	No

2 Changes of the Directors, Supervisors and Senior Management during the Reporting Period

2.1 Changes of the Directors

On April 17, 2025, Ms. ZHANG Qiuyun, a non-executive Director, resigned from her positions as a non-executive Director and a member of the Strategy and Development Committee of the Board of the Bank due to change in her job, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

On June 30, 2025, the Bank convened the 2024 annual general meeting, at which the appointment of Mr. LI Wenqiang as a non-executive Director of the third session of the Board of the Bank was considered and approved. The qualification of Mr. LI Wenqiang as a Director was approved by the Henan Office of the National Financial Regulatory Administration on December 8, 2025. For more details, please refer to the Bank's announcements dated June 30, 2025 and December 12, 2025, as well as the circular dated June 9, 2025.

On November 10, 2025, the Bank convened the 2025 second extraordinary general meeting, at which the appointment of Mr. ZHOU Feng as an executive Director of the third session of the Board of the Bank was considered and approved. On the same day, Mr. ZHOU Feng was elected as the Vice Chairman of the Bank at the Board meeting of the Bank. The qualifications of Mr. ZHOU Feng as Director and Vice Chairman were approved by the Henan Office of the National Financial Regulatory Administration on January 4, 2026. For more details, please refer to the Bank's announcements dated October 17, 2025, November 10, 2025 and January 7, 2026, as well as the circular dated October 20, 2025.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

2.2 Changes of Supervisors

On April 17, 2025, Mr. ZHANG Ke resigned from his positions as Chairman of the Board of Supervisors, Supervisor of the Bank, the member of the Nomination Committee of the Board of Supervisors and the member of the Supervision Committee of the Board of Supervisors of the Bank due to work adjustments, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

On November 10, 2025, the Bank convened the 2025 second extraordinary general meeting, at which the resolution in relation to the dissolution of the Board of Supervisors of the Bank and abolition of the corporate governance system related to the Board of Supervisors was considered and approved. On January 5, 2026, the Henan Office of the National Financial Regulatory Administration issued the Approval of the Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd. (Yu Jin Fu [2026] No. 11), pursuant to which the amended Articles of Association were approved and took effect. With effect from January 5, 2026, the Bank dissolved the Board of Supervisors, and the then members of the Board of Supervisors, namely Ms. DAN Limin, Ms. WANG Xiaoyan, Mr. YAN Yongfu, Ms. LU Suyue, Mr. LI Xingzhi, Ms. GU Xiujuan, and Ms. LIU Xia ceased to serve as Supervisors and hold any related positions on the Board of Supervisors. For more details, please refer to the Bank's announcements dated August 28, 2025, November 10, 2025, and January 8, 2026, as well as the circular dated October 20, 2025.

2.3 Changes of Senior Management

On October 17, 2025, Mr. LIU Kai resigned from his positions as the President of the Bank due to work adjustments, with effect from October 17, 2025. Upon approval by the nineteenth meeting of the third session of Board of the Bank, Mr. ZHOU Feng was appointed as the President of the Bank. For more details, please refer to the announcement of the Bank dated October 17, 2025. The qualification of Mr. ZHOU Feng as President was approved by the Henan Office of the National Financial Regulatory Administration on December 31, 2025. For further details, please refer to the announcement of the Bank dated January 5, 2026.

Mr. ZHOU Litao has served as a member and standing member of the Party Committee of the Bank since April 3, 2025.

Mr. YAO Huiyuan has served as a member and standing member of the Party Committee of the Bank since April 3, 2025. He was approved by the Board of Directors to serve as the Vice President of the Bank on April 17, 2025. Mr. YAO Huiyuan's qualification as the Vice President was approved by the National Financial Regulatory Administration Henan Office on November 10, 2025.

Mr. LIU Qingfen has served as standing member of the Party Committee of the Bank since April 3, 2025. He was approved by the Board of Directors to serve as the Vice President of the Bank on April 17, 2025. Mr. LIU Qingfen's qualification as the Vice President was approved by the National Financial Regulatory Administration Henan Office on November 10, 2025.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. WANG Tianqi was approved by the Board of Directors to serve as the Vice President of the Bank on April 17, 2025. Mr. WANG Tianqi's qualification as the Vice President was approved by the National Financial Regulatory Administration Henan Office on November 10, 2025.

Mr. ZHANG Ke was approved by the Board of Directors to serve as assistant to the President of the Bank on April 17, 2025. Mr. ZHANG Ke's qualification as assistant to the President was approved by the National Financial Regulatory Administration Henan Office on October 10, 2025.

3 Biography of Directors and Senior Management

3.1 Biography of Directors

Mr. GUO Hao (郭浩), born in June 1974, Chinese, doctoral degree in economics. Mr. GUO Hao is the chairman of the Board and an executive Director of the Bank. He was a representative of the 13th and 14th National People's Congress and a member of the 11th Henan Provincial Committee of the Communist Party of China. Mr. GUO Hao has been the secretary of the party committee, the chairman of the Board and an executive Director of the Bank since June 2023. From May 2023 to June 2023, he served as the secretary of the party committee and an executive Director of the Bank. From April 2023 to May 2023, he served as the secretary of the party committee of the Bank. From March 2023 to April 2023, he served as the deputy secretary of the party leadership group and candidate for director of the Henan Provincial Financial Supervision and Administration. From November 2017 to March 2023, he served as the deputy secretary of the Hebi Municipal Committee, acting mayor and mayor of Hebi city, Henan Province. From August 2016 to November 2017, he served as the deputy secretary-general of the Henan Provincial Government, member of the party leadership group of the general office of the Henan Provincial Government, secretary of the party leadership group and director of the research office of the Henan Provincial Government. From September 2013 to August 2016, he served as the deputy secretary-general of the Henan Provincial Government and member of the party leadership group of the general office of the Henan Provincial Government. From February 2009 to September 2013, he served as a member of the party leadership group and the deputy director of the financial services office of the Henan Provincial Government. From October 2008 to February 2009, he served as a member of the party committee and deputy director of the Henan Rural Credit Cooperatives Union. From April 2004 to October 2008, he successively served as the deputy director and director of Financial Work Committee of Beijing Municipal Committee (Financial Work Office of Beijing Municipal Government), State-owned Assets Supervision and Administration Commission of Beijing Municipality, and Beijing Municipal Commission of Development and Reform (Beijing Municipal Financial Services Leading Group Office). From July 1999 to April 2004, he worked at the headquarters of China Development Bank. Mr. Guo Hao obtained a bachelor's degree in economics from Renmin University of China in July 1996, a master's degree in economics from Renmin University of China in July 1999, and a doctor's degree in economics from Renmin University of China in July 2003.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. ZHOU Feng (周鋒), born in January 1977, is of Chinese nationality with a doctoral degree in management. Mr. ZHOU Feng is the vice chairman of the Board, an executive Director and the president of the Bank. From May 2024 to September 2025, Mr. ZHOU Feng served as deputy secretary-general of the People's Government of Henan Province; from April 2022 to May 2024, he held the position of vice mayor of Puyang City, Henan Province; from August 2005 to April 2022, he worked at the Henan Office of the former China Banking and Insurance Regulatory Commission (during which: from November 2017 to January 2022, he was seconded to the Department of Finance of the Tibet Autonomous Region as assistant to the director); from August 2003 to August 2005, he worked at the postdoctoral workstation of Shenzhen Stock Exchange (Fudan University). Mr. ZHOU Feng obtained a bachelor's degree in Computer and Applications from Hunan University of Finance and Economics in July 1998, a master's degree in Statistics from Hunan University in June 2000 and a doctoral degree in Management Science and Engineering from Huazhong University of Science and Technology in June 2003.

Mr. FENG Ruofan (馮若凡), born in September 1983, Chinese, with a master's degree, is a senior economist. Mr. FENG Ruofan is a non-executive Director of the Bank. Mr. FENG Ruofan has been serving as the director of the financial management department of Henan Investment Group Co., Ltd. (河南投資集團有限公司) since December 2023, an executive director of Zhongfu Digital Technology Co., Ltd. (中富數字科技有限公司) from April 2023 to October 2025. From September 2019 to December 2023, he served as the deputy director of the financial management department of Henan Investment Group Co., Ltd. (during which, he worked as an exchange personnel at the second customer division of the Henan Branch of China Development Bank and served as the deputy director from January 2020 to December 2020). From April 2018 to September 2019, he served as the senior business manager of the financial management department of Henan Investment Group Co., Ltd. From November 2015 to April 2018, he served as the business manager of the financial management department of Henan Investment Group Co., Ltd. From November 2008 to November 2015, he successively served as the business supervisor and business manager of the eighth asset management department and the business manager of the second asset management department of Henan Investment Group Co., Ltd. Mr. FENG Ruofan obtained a bachelor's degree in international communication from the School of Communication of the Universal College of Learning in New Zealand in July 2007 and a master's degree in global communication from the School of Journalism and Communication of The Chinese University of Hong Kong in December 2008.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. LI Wenqiang (李文強), born in September 1984, is of Chinese nationality with a doctoral degree in economics. Mr. LI Wenqiang is a non-executive Director of the Bank. Mr. LI Wenqiang has been serving as head of the development planning department of Henan Investment Group Co., Ltd. (河南投資集團有限公司) since May 2022; the deputy head of the development planning department of Henan Investment Group Co., Ltd. since June 2019 to May 2022; the deputy general manager of the product research and development department of the private banking division of the Head Office of Agricultural Bank of China since January 2018 to June 2019; and a member of the president's room, product director and general manager of the institutional business department of Tian'an Internet Financial Assets Trading Centre (天安互聯網金融資產交易中心) since December 2015 to January 2018; from April 2015 to December 2015, he was the director of the innovative business of the B2B Division of Lufax Holding Ltd (陸金所控股有限公司) (listed on The New York Stock Exchange, stock ticker: LU and on the Stock Exchange, stock code: 06623.HK), a subsidiary of Ping An Insurance (Group) Company of China (中國平安保險(集團)); from March 2013 to April 2015, he was head of investment advisors of the private banking division of Industrial and Commercial Bank of China Henan Branch; from June 2011 to March 2013, an investment advisor of the private banking division Zhengzhou branch of the Head Office of Industrial and Commercial Bank of China. He has also been a director of City Development Environment Co., Ltd. (城發環境股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 000885.SZ) since October 28, 2022, and a non-executive director of Central China Securities Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601375.SH and on the Stock Exchange, stock code: 01375.HK) since June 30, 2025. Mr. LI Wenqiang obtained a bachelor's degree in economics from Shanghai Jiao Tong University in July 2007, a master's degree in economics from Shanghai Jiao Tong University in July 2009 and a doctorate degree in economics from Shanghai Jiao Tong University in June 2011.

Ms. ZHANG Shu (張姝), born in June 1965, Chinese, with a master's degree, is an intermediate economist. Ms. ZHANG Shu is a non-executive Director of the Bank. Ms. ZHANG Shu has been serving as a director of Jiangsu Wuzhong Group Co., Ltd. (江蘇吳中集團有限公司) since March 2023. From December 2011 to March 2023, she served as the vice president of Jiangsu Wuzhong Group Co., Ltd. From October 2011 to December 2011, she served as the general manager of the risk management department of Bank of China Suzhou Branch (中國銀行蘇州分行). From March 2007 to October 2011, she served as the president of Bank of China Suzhou Wuzhong Branch (中國銀行蘇州吳中支行). From September 2003 to March 2007, she served as the vice president of Bank of China Suzhou Industrial Park Sub-branch (中國銀行蘇州工業園區支行). From October 1999 to September 2003, she successively served as the assistant president of the office and risk management department of BOC International Holdings (Hong Kong) Limited (中銀國際控股(香港)有限公司). From May 1992 to October 1999, she served as the section chief of the first credit division of the credit business department of Bank of China Suzhou Branch (中國銀行蘇州分行). From May 1990 to May 1992, she worked at the trade settlement department of Bank of China Suzhou Branch. From August 1986 to May 1990, she worked at the business department of Bank of China Suzhou Branch. She has been concurrently serving as a shareholder director of Bank of Suzhou Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 002966.SZ) since July 2016. Ms. ZHANG Shu graduated from Nanjing Normal University in June 1995, majoring in English and graduated from the Graduate School of Chinese Academy of Social Sciences in April 1998, majoring in world economy.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. XU Yiguo (徐義國), born in June 1972, Chinese, doctoral degree in economics. Mr. XU Yiguo is an independent non-executive Director of the Bank. Mr. XU Yiguo has been a professor and doctoral supervisor at the University of Chinese Academy of Social Sciences since October 2022. He has been concurrently serving as the secretary-general of the National Institution for Finance & Development (the first batch of national high-end think tanks) since January 2016. From September 2003 to October 2022, he served as a researcher at the Institute of Finance & Banking, Chinese Academy of Social Sciences (中國社會科學院金融研究所). From July 1994 to September 2003, he served as the deputy director and a lecturer of the Department of Business Administration of the School of Administrators, Chinese Academy of Sciences (School of Management, University of Science and Technology of China) (中國科學院管理幹部學院(中國科技大學管理學院)). Mr. XU Yiguo obtained a bachelor's degree in economics from Renmin University of China (中國人民大學) in July 1994 and a doctor's degree in economics from the University of Chinese Academy of Social Sciences (中國社會科學院大學) in July 2008.

Ms. ZHAO Zijian (趙紫劍), born in October 1968, Chinese, doctoral degree in economics. Ms. ZHAO Zijian is an independent non-executive Director of the Bank. Ms. ZHAO Zijian has been serving as the professor and dean of the School of Finance of Henan University of Economics and Law since June 2022. From November 2011 to June 2022, she served as the deputy dean of the School of Finance of Henan University of Economics and Law. From June 2004 to November 2011, she successively served as the deputy general manager of the personal finance business department and the vice president of the large branch of Bank of Communications Henan Branch (交通銀行河南省分行). From July 1996 to September 2001, she served as a lecturer at the Department of Finance of Henan College of Finance and Economics (河南財經學院). From July 1990 to September 1993, she worked at the comprehensive division of the Economic Information Center of the Planning Commission of Xinxiang City, Henan Province. Ms. ZHAO Zijian obtained a bachelor's degree in economics from Nankai University (南開大學) in July 1990, a master's degree in economics from Nankai University in July 1996 and a doctor's degree in economics from Central University of Finance and Economics in June 2004.

Mr. WANG Maobin (王茂斌), born in October 1973, Chinese, doctoral degree in management. Mr. WANG Maobin is an independent non-executive Director of the Bank. Mr. WANG Maobin has been the professor and secretary of the party committee of China School of Banking and Finance, University of International Business and Economics (對外經濟貿易大學中國金融學院) since June 2025. From August 2007 to June 2025, he successively served as a lecturer, associate professor, professor and vice dean of China School of Banking and Finance, University of International Business and Economics (對外經濟貿易大學中國金融學院) (the former School of Banking & Finance, University of International Business and Economics (對外經濟貿易大學金融學院)). From July 2003 to September 2004, he served as the head of the R&D center of Minan Futures Brokerage Co., Ltd. (民安期貨經紀有限公司). From April 2003 to July 2003, he served as the secretary of the president of Wanlian Securities Co., Ltd. (萬聯證券有限責任公司). From July 1999 to April 2003, he successively served as the investment manager and assistant to the general manager of the business department of China Southern Securities Guangzhou Branch (南方證券廣州分公司). From July 1994 to September 1996, he worked at Bank of China Huangshan Branch, Anhui Province (中國銀行安徽省黃山市分行). Mr. WANG Maobin obtained a bachelor's degree in economics from Renmin University of China in July 1994, a master's degree in economics from Renmin University of China in July 1999 and a doctor's degree in management majoring in finance and investment management from Sun Yat-sen University (中山大學) in June 2007.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. PAN Xinmin (潘新民), born in January 1957, Chinese, doctoral degree in economics, is a senior economist. Mr. PAN Xinmin is an independent non-executive Director of the Bank. Mr. PAN Xinmin has been an external Supervisor of the Bank from early January 2019 to October 2023 and a senior researcher of Henan Songshan Think Tank (河南嵩山智庫) since November 2018. He served as an inspector in the inspection group at the head office of China Merchants Bank (招商銀行總行) from December 2015 to February 2017, the secretary of the party committee and the president of China Merchants Bank Kunming Branch (招商銀行昆明分行) from December 2009 to December 2015, the secretary of the party committee and the president of China Merchants Bank Zhengzhou Branch (招商銀行鄭州分行) from December 2002 to December 2009, head of the planning group of China Merchants Bank Zhengzhou Branch (招商銀行鄭州分行) from July 2002 to December 2002, the secretary of the party committee and the president of China Everbright Bank Dalian Branch (中國光大銀行大連分行) from April 2001 to July 2002. He worked at China Construction Bank Henan Branch (建設銀行河南省分行), successively serving a clerk, deputy chief officer of Henan Branch, vice president and member of the party leadership group of Zhumadian Branch (駐馬店分行), deputy director of Sanding office of Henan Branch, the general manager of Henan Trust Investment Co., Ltd. (河南省信託投資公司), the secretary of the party committee and the president of Shangqiu Branch (商丘分行) and vice president and member of the party leadership group of Henan Branch from April 1980 to April 2001. From September 1977 to April 1978, he worked at the Third Coal Mine of Hebi Mining Bureau (鶴壁礦務局第三煤礦). In July 1983, Mr. PAN Xinmin was appointed by Henan Construction Bank to audit and study in the Department of Infrastructure Construction of Finance & Economics Institution of Hubei. He graduated from the Party School of the CPC Committee of Henan Province with a bachelor's degree (night-school course) in economic management in July 1994. He obtained a master's degree in economics from Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in June 1997, a bachelor's degree in economics majoring in international finance from Wuhan University in July 1999 and a doctor's degree in management from Huazhong University of Science and Technology (華中科技大學) in December 2008. Mr. PAN Xinmin obtained the senior economist qualification in March 1994, the certified public accountant qualification from the Chinese Institute of Certified Public Accountants in December 1997 and was granted the title of "outstanding expert in Henan Province" by the CPC Committee and Government of Henan Province in July 2008.

Mr. GAO Pingyang (高平陽), born in July 1979, a Hong Kong resident, doctoral degree in philosophy. Mr. GAO Pingyang is an independent non-executive Director of the Bank. Mr. GAO Pingyang has been a professor and associate dean of the Business School of the University of Hong Kong since June 2020. From July 2008 to June 2020, he successively served as an assistant professor and associate professor at The University of Chicago Booth School of Business. He has concurrently served as an independent non-executive director of The People's Insurance Company (Group) of China Limited (listed on the Stock Exchange, stock code: 1339.HK) since February 2025; and he has concurrently served as an independent non-executive director of Bloks Group Limited (listed on the Stock Exchange, stock code: 0325.HK) since January 2025. Mr. GAO Pingyang obtained a bachelor's degree in economics from Renmin University of China in July 2002 and a master's degree in economics from Peking University in June 2004, and a doctor's degree in philosophy from Yale University in the United States in December 2008.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

3.2 Biography of Senior Management

For biographical details of Mr. ZHOU Feng, please refer to “Biography of Directors, Supervisors and Senior Management – 3.1 Biography of Directors”.

Mr. ZHOU Litao (周麗濤), born in November 1979, Chinese, intermediate economist. Mr. ZHOU Litao is the vice president of the Bank. Mr. ZHOU Litao has served as the standing committee member of the party committee and the vice president of the Bank from April 2025 to present; served as the vice president of the Bank and the secretary of the party committee and the president of Luoyang Branch from June 2022 to April 2025; served as the vice president of the Bank from May 2018 to June 2022; served as the corporate business director of the Bank from December 2014 to May 2018; served as the general manager of the asset management department of the investment banking division of the head office of the China CITIC Bank from May 2013 to December 2014; served as the general manager of the strategic customer department of the Zhengzhou Branch of China CITIC Bank (中信銀行鄭州分行) from January 2013 to May 2013; served as the general manager of investment banking division of the Zhengzhou Branch of China CITIC Bank from August 2012 to January 2013; served successively as the product manager, assistant to the general manager, deputy general manager and general manager of the investment banking center of Zhengzhou Branch of China CITIC Bank from March 2008 to August 2012; served as the product manager of the corporate banking department of Zhengzhou Branch of China CITIC Bank from February 2006 to March 2008; worked at the Henan Branch of the China Construction Bank (中國建設銀行河南省分行) from July 2001 to July 2003. Mr. ZHOU Litao obtained his bachelor's degree in economics and a master's degree in business administration from Xi'an Jiaotong University in July 2001 and February 2006, respectively.

Mr. YAO Huiyuan (姚輝元), born in May 1973, Chinese. Mr. YAO Huiyuan is the vice president of the Bank. Mr. YAO Huiyuan has served as standing member of the party committee and vice president of the Bank from November 2025 to present; served as a standing member of the party committee and proposed vice president of the Bank (subject to qualification approval) from April 2025 to November 2025; served as the president and secretary of the party committee of the Pingdingshan Branch of the Industrial and Commercial Bank of China from July 2022 to April 2025; served as the president and secretary of the party committee of the Puyang Branch of the Industrial and Commercial Bank of China from August 2020 to July 2022; served as a secretary of the party committee of the Puyang Branch of the Industrial and Commercial Bank of China from May 2020 to August 2020; served as the vice president and member of the party committee of the Sanmenxia Branch of the Industrial and Commercial Bank of China from July 2015 to May 2020; served as the general manager of the channel management department of the Luoyang Branch of the Industrial and Commercial Bank of China from March 2015 to July 2015; served as a director of the channel service office of the Luoyang Branch of the Industrial and Commercial Bank of China from July 2014 to March 2015; served as the president and secretary of the Party General Branch of Huashan Sub-branch of Luoyang Branch of the Industrial and Commercial Bank of China from June 2009 to July 2014; served as the president and secretary of the Party Branch of Chanhe Sub-branch of Luoyang Branch of the Industrial and Commercial Bank of China from December 2008 to June 2009; served as the vice president (presiding over the work) and deputy

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

secretary of the Party Branch of Chanhe Sub-branch of Luoyang Branch of the Industrial and Commercial Bank of China from June 2007 to December 2008; served as the deputy director of the office of the Luoyang Branch of the Industrial and Commercial Bank of China from December 2005 to June 2007; served as the vice president of the Mengjin County Sub-branch of the Industrial and Commercial Bank of China from June 2005 to December 2005; successively held the positions of manager of the market development department of the bank card business department, business system inspector (deputy section level) and deputy director at the Luoyang Branch of the Industrial and Commercial Bank of China from August 1994 to June 2005. Mr. YAO Huiyuan graduated from Luoyang University in July 1994, majoring in electrical information; and graduated from Sichuan University in June 2016, majoring in finance.

Mr. LIU Qingfen (劉清奮), born in March 1970, Chinese, intermediate economist. Mr. LIU Qingfen is the vice president of the Bank. Mr. LIU Qingfen has served as the standing committee member of the party committee and the vice president of the Bank since November 2025; served as the standing committee member of the party committee and the proposed vice president (subject to approval of his qualification) of the Bank from April 2025 to November 2025; served as a member of the party committee and an assistant to the president of the Bank from October 2023 to April 2025; served as a member of the party committee and an assistant to the president of the Bank and the secretary to the party committee of AB Leasing Co., Ltd. from January 2023 to October 2023; served as a member of the party committee and an assistant to the president of the Bank from March 2022 to January 2023; served as an assistant to the president of the Bank from June 2018 to March 2022; served as the general manager of the corporate banking department of the Bank from February 2018 to June 2018; served as the secretary to the party committee and president of Zhengzhou Branch of the Bank from July 2017 to February 2018; served as the secretary to the party committee and general manager of the head office of the Bank from December 2014 to July 2017; served as the deputy secretary to the party committee and the proposed president of Kaifeng Commercial Bank (開封市商業銀行) from February 2013 to December 2014; served as the Director of the Dongdajie business department of the Zhengzhou Branch of China Industrial Bank from July 2012 to February 2013; served as the president of the Dongdajie Sub-branch (東大街支行) of the Zhengzhou Branch of China Industrial Bank from August 2007 to July 2012; served as the head of business expansion department of the Zhengzhou Branch of China Industrial Bank (興業銀行鄭州分行) from April 2006 to August 2007; served as the president of the Weiwu East Road Sub-branch (緯五東路支行) of the Zhengzhou Branch of Bank of Communications from June 2005 to April 2006; served as the vice president of the Weizhong Sub-branch (緯中支行) of the Zhengzhou Branch of Bank of Communications from April 2004 to June 2005; served successively as the account manager and the deputy section chief of the customer section of the business department of Zhengzhou Branch of Bank of Communications (交通銀行鄭州分行) from November 2000 to April 2004; served as the deputy director of the office of Zhengzhou Commercial Bank from January 2000 to November 2000; the vice president of Zhengbian Road Sub-branch (鄭汴路支行) and Qiaojiamen Sub-branch (喬家門支行) of Zhengzhou Commercial Bank successively from July 1998 to January 2000 (taking charge of work) and the section member of the office of Zhengzhou Commercial Bank (鄭州市商業銀行) from July 1994 to July 1998. Mr. LIU Qingfen obtained his bachelor's degree in liberal arts from Zhengzhou University (鄭州大學) in July 1994.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. WANG Tianqi (王天奇), born in February 1985, Chinese. Mr. WANG Tianqi is the vice president of the Bank. Mr. WANG Tianqi has served as the member of the party committee and the vice president of the Bank since November 2025; served as the member of the party committee and the proposed vice president (subject to approval of his qualification) of the Bank from April 2025 to November 2025; served as the member of party committee, assistant to the president and secretary to the party committee and president of Zhengzhou Branch of the Bank from September 2023 to April 2025; served as the member of party committee and assistant to the president of the Bank from August 2022 to September 2023; served as a member of party committee of the Bank from June 2022 to August 2022; served as the member of party committee and the head of the office of the Board of Directors of the Bank from March 2022 to June 2022; served as the head of the office of the Board of Directors of the Bank from January 2022 to March 2022; served as the secretary to the party committee and president of the Luoyang Branch of the Bank from July 2020 to January 2022; served as the secretary to the party committee and president of the Luohe Branch of the Bank from February 2018 to June 2020; served as the general manager of the investment banking division of the Bank from November 2016 to February 2018; served as the vice general manager of the investment banking division of the Bank from December 2014 to November 2016 (presided over the work); served as a registration and examination staff of the Registration Office of the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) from September 2014 to December 2014; served as the policy research post and issuance approval post of the Bond Issuance Management Division of the Bureau of Financial Market of PBOC from September 2013 to September 2014; served as the general post and registration review post of the Registration Office of the National Association of Financial Market Institutional Investors from July 2010 to September 2013. Mr. WANG Tianqi obtained a master's degree in law from China University of Political Science and Law in July 2010.

Mr. SHAO Qiang (邵強), born in October 1970, Chinese, senior economist. Mr. SHAO Qiang is an assistant to the president of the Bank. Mr. SHAO Qiang has served as the member of the party committee and assistant to the president of the Bank since June 2022; served as a member of the party committee of the Bank from March 2022 to June 2022; served as the deputy secretary to the party committee and president of Bank of Luoyang Co., Ltd. from January 2021 to March 2022; served as the deputy secretary to the party committee of the Bank of Luoyang Co., Ltd. and acting president from July 2020 to January 2021; served as the deputy secretary to the party committee of the Bank of Luoyang Co., Ltd. from June 2020 to July 2020; served as the secretary to the party committee and president of Luoyang Branch of the Bank from November 2016 to June 2020; served as the head of the planning group of Luoyang Branch of the Bank from September 2016 to November 2016; served as the general manager of Luoyang Business Department of the Bank from July 2015 to September 2016; served as the head of Jiaozuo Branch of China Guangfa Bank from April 2015 to July 2015; served as general manager of Human Resources Department of Zhengzhou Branch of China Guangfa Bank from March 2013 to April 2015; served as general manager of Credit Management Department of Zhengzhou Branch of China Guangfa Bank from May 2012 to March 2013; served as the president of the Science and Technology Sub-branch of Zhengzhou Branch of China Guangfa Bank

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

from July 2007 to May 2012; served successively as the business department manager, assistant to the president and president of Songshan Road Sub-branch of Zhengzhou Branch of China Guangfa Bank from July 1998 to July 2007; served as the manager of the branch office of Zhongyuan East Road of Zhengzhou branch of China Guangfa Bank from July 1997 to July 1998; worked at financial and accounting department of Zhengzhou Branch of China Guangfa Bank from September 1996 to July 1997; worked at branch office of Hongzhuan Road of Zhengzhou Branch of China Guangfa Bank from December 1995 to September 1996; served as a section member of the Inspection Section I of the Price Inspection Institute of Henan Province from July 1992 to December 1995. Mr. SHAO Qiang received a bachelor's degree in economics from Henan College of Finance in June 1992 and a doctorate degree in economics from Huazhong University of Science and Technology in December 2011.

Mr. WANG Le (王樂), born in November 1977, Chinese, intermediate economist. Mr. WANG Le is an assistant to the president of the Bank. Mr. WANG Le has served as a member of the party committee, an assistant to the president and the secretary of the party committee and the president of Luoyang Branch of the Bank since April 2025; served as the member of the party committee and assistant to the president of the Bank from June 2022 to April 2025; served as a member of the party committee of the Bank from March 2022 to June 2022; served as a member of the party committee, vice president and director of Jiaozuo Bank of China Travel Service (焦作中旅銀行) from May 2019 to March 2022; served as a member of the party committee, vice president, director of Jiaozuo Bank of China Travel Service and the president of Zhengzhou Branch from November 2017 to May 2019; served as a member of the party committee, vice president and director of Jiaozuo Bank of China Travel Service and the head of the planning group of Zhengzhou Branch from August 2016 to November 2017; served as a member of the party committee, vice president and director of Jiaozuo Bank of China Travel Service from August 2015 to August 2016; served as the vice president of Jiaozuo Commercial Bank (焦作市商業銀行) from January 2015 to August 2015; from August 2014 to January 2015, he worked at Jiaozuo Commercial Bank; from September 2012 to August 2014, he served as the office chief of Haikou Branch of China CITIC Bank (中信銀行海口分行); from April 2012 to September 2012, he worked at the office of Haikou Branch of China CITIC Bank; from March 2012 to April 2012, he served as the deputy general manager of the corporate banking department of Zhengzhou Branch of China CITIC Bank (中信銀行鄭州分行); from February 2009 to March 2012, he served as the assistant to the general manager of corporate banking department of Zhengzhou Branch of China CITIC Bank; from March 2004 to February 2009, he served as the manager of planning and financial department of Zhengzhou Branch of China CITIC Bank; from February 2002 to March 2004, he worked at planning and financing department of Zhengzhou Branch of China CITIC Bank; from August 1998 to February 2002, he served as an integrated teller of business department of Zhongqing Sub-Branch (中青支行) of Zhengzhou Branch of China CITIC Bank. Mr. WANG Le obtained his bachelor's degree in economics from Zhengzhou University in July 1998.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Ms. LIU Juan (劉娟), born in November 1973, Chinese, intermediate accountant. Ms. LIU Juan is an assistant to the president of the Bank. Ms. LIU Juan has served as the member of the party committee and assistant to the president of the Bank since November 2022. From March 2022 to November 2022, she served as the member of the party committee of the Bank; from September 2021 to March 2022, she served as the member of party committee of Bank of Pingdingshan Co., Ltd., the secretary of the party committee, the president, the proposed Director and the vice president of Zhengzhou Branch; from March 2019 to September 2021, she served as a member of the party committee of Bank of Pingdingshan Co., Ltd., the secretary of the party committee and president of Zhengzhou Branch; from February 2019 to March 2019, she performed duties on behalf of the president of Zhengzhou Branch of Bank of Pingdingshan Co., Ltd.; from September 2017 to February 2019, she served as deputy head of the group applying for preparation of the proposed privately-owned bank of Zhengzhou Zhongrui Industrial Group Co., Ltd. (鄭州中瑞實業集團有限公司); from July 2015 to September 2017, she served as the general manager of corporate banking department and investment banking department of Haikou Branch of China CITIC Bank; from May 2014 to July 2015, she served successively as the deputy head of the planning group and the president of Sanya Branch of China CITIC Bank (中信銀行三亞分行); from July 2013 to May 2014, she served as the general manager of five business department of the company of Haikou Branch of China CITIC Bank; from March 2011 to July 2013, she served successively as deputy head of the planning group and the president of Pingdingshan Sub-branch of China CITIC Bank (中信銀行平頂山分行); from March 2008 to March 2011, she served successively as the manager of the corporate department, the assistant to the president and the vice president (presided over the work) of Nanyang Road Sub-Branch (南陽路支行) of Zhengzhou Branch of China CITIC Bank; from November 1997 to March 2008, she served successively as a teller, the account manager, the deputy manager of personal credit centre, senior account manager of Zhengzhou Branch of China CITIC Bank; from July 1995 to November 1997, she served as the accountant of finance department of Henan Materials Group Co., Ltd. (河南物資集團有限公司). Ms. LIU Juan received a bachelor's degree from Henan College of Finance in July 1995 and a master's degree in management from the Chinese University of Hong Kong in July 2017.

Mr. YAO Hongbo (姚紅波), born in April 1969, Chinese, intermediate economist. Mr. YAO Hongbo is an assistant to the president of the Bank. Mr. YAO Hongbo has served as the assistant to the president of the Bank since October 2025; served as the assistant to the president of the Bank and Party's branch secretary general and president of Zhengzhou Zhongzhou Avenue Branch from September 2025 to October 2025; served as the assistant to the president of the Bank, chairman of the board of supervisors of AB Leasing Co., Ltd. and Party's branch secretary general and president of Zhengzhou Zhongzhou Avenue Branch from February 2025 to September 2025; served as the assistant to the president of the Bank and chairman of the board of supervisors of AB Leasing Co., Ltd. from October 2023 to February 2025; served as the assistant to the president of the Bank and deputy secretary to the party committee, chairman of the board of supervisors and secretary of committee for discipline inspection of AB Leasing Co., Ltd. from March 2023 to October 2023; served as the assistant to the president of the Bank and deputy secretary to the party committee and chairman of the board of supervisors of AB Leasing Co., Ltd. from July 2022 to March 2023; served as an assistant to the president of the

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Bank from May 2019 to July 2022; served as the Bank's retail business director from April 2018 to May 2019; served as the secretary to the party committee and president of the Bank's Xinxiang Branch from March 2016 to April 2018; served as the general manager of the corporate banking department of Zhengzhou Branch of China CITIC Bank from October 2015 to March 2016; served as the secretary of the party committee and the president of China CITIC Bank Jiaozuo Branch from January 2013 to October 2015; served as the president of China CITIC Bank Zhengzhou Dongfeng Road Sub-branch from April 2010 to January 2013; served as the president of China CITIC Bank Zhengzhou Huanghe Road Sub-branch from January 2010 to April 2010; served as the vice president of Zhengzhou Wenhua Road Sub-branch of China CITIC Bank from January 2008 to January 2010; served successively as the assistant to the office chief and the deputy director of Zhengzhou Branch of China CITIC Bank from February 2005 to January 2008; served as the organization section chief in the human resources department of the China Construction Bank Henan Branch from January 2003 to February 2005; served as a cadre in the office research department of the China Construction Bank Henan Branch from January 2002 to January 2003; served as a cadre in the integrated division under the asset protection department in China Construction Bank Henan Branch from April 2001 to January 2002; served successively as the employee, deputy director of the office, director of the branch office and deputy head of the credit section of China Construction Bank's Mianchi County Branch from July 1992 to April 2001. Mr. YAO Hongbo obtained his bachelor's degree in economics from Zhengzhou University in July 1992.

Ms. SUO Jia (索佳), born in January 1975, Chinese. Ms. SUO Jia is an assistant to the president of the Bank. Ms. SUO Jia has served as the assistant to the president of the Bank since March 2023; proposed to be an assistant to the president of the Bank from December 2022 to March 2023; served as the director and a first-class researcher of the consumer rights protection division of CBIRC Henan Office from October 2020 to December 2022; served as the director and a first-class researcher of the personal insurance supervision division of CBIRC Henan Office from December 2019 to October 2020; served as the director of the personal insurance supervision division of CBIRC Henan Office from April 2019 to December 2019; served as a cadre (director level) of CBIRC Henan Office from October 2018 to April 2019; served as the director of the personal insurance supervision division of CIRC Henan Office from April 2015 to October 2018; served as the director of the statistics and research division of CIRC Henan Office from September 2012 to April 2015; served as the deputy director (presided over the work) of the statistics and research division of CIRC Henan Office from February 2011 to September 2012; served as the deputy director of the statistics and research division of CIRC Henan Office from October 2009 to February 2011; served successively as the deputy chief section member, chief section member, assistant to the chief and deputy chief of the office of CIRC Henan Office (the office of the party committee) from May 2004 to October 2009; served as the deputy chief section member of the general administration division of CIRC Henan Office from March 2004 to May 2004; served as a cadre of the institutional management division and the general management division of CIRC Zhengzhou Special Office from June 2001 to March 2004; worked in CPIC Zhengzhou Branch from July 1997 to June 2001. Ms. SUO Jia obtained her master's degree in management from Xi'an Jiaotong University in April 2005.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

Mr. ZHANG Ke (張克), born in October 1977, Chinese, is a chief senior accountant. Mr. ZHANG Ke is an assistant to the president of the Bank. Mr. ZHANG Ke has served as an assistant to the president of the Bank and the secretary to the party committee and president of Zhengzhou Branch since October 2025. From April 2025 to October 2025, he served as the proposed assistant to the president of the Bank (subject to approval of his qualification), the secretary to the party committee of Zhengzhou Branch and the acting president of Zhengzhou Branch. From October 2024 to April 2025, he served as an employee representative Supervisor and the Chairman of the third session of the Board of Supervisors of the Bank. From October 2023 to October 2024, he served as an employee representative Supervisor and the vice president of the third session of the Board of Supervisors of the Bank. He served as the secretary to the Board and a joint company secretary of the Bank from September 2023 to October 2023. From June 2022 to September 2023, he served as secretary to the Board, joint company secretary of the Bank and secretary of the Party Committee and president of Jiaozuo Branch of the Bank. From December 2021 to June 2022, he served as secretary to the Board and joint company secretary of the Bank. From July 2017 to December 2021, he served as secretary to the Board, joint company secretary and general manager of the Office of the Board and Supervisory Committee of the Bank. From December 2014 to July 2017, he served as secretary to the Board and general manager of the Office of the Board and Supervisory Committee of the Bank. From December 2013 to December 2014, he worked in the Restructuring Department of the Reform and Restructuring Committee of City Commercial Bank in Henan Province. From April 2010 to December 2013, he served as a director, chief accountant and general manager of the accounting and finance department of Kaifeng Commercial Bank Co., Ltd. From July 2007 to March 2010, he served as the business manager of the corporate planning department of Henan Investment Group Co., Ltd. From July 1999 to June 2007, he served as the deputy chief officer of the accounting and finance section of the Central Sub-branch of Sanmenxia City of the People's Bank of China. Mr. ZHANG Ke obtained a bachelor's degree in accounting from Henan University of Finance and Economics in June 1999. He obtained a master's degree in business administration from Xi'an University of Technology in April 2006. He was accredited as a senior accountant in December 2008 and a chief senior accountant in December 2019.

Mr. HU Hao (扈浩), born in July 1983, Chinese, intermediate engineer. Mr. HU Hao is the chief information officer of the Bank. Mr. HU Hao has served as the chief information officer of the Bank since November 2023; served as the technical director of the Bank from June 2018 to November 2023; served as the general manager of information technology department of the Bank from July 2015 to June 2018; served as the head of the e-commerce development group of the information technology management department of China CITIC Bank from November 2013 to July 2015; served as the system development post in the information technology department of the head office of China CITIC Bank from August 2007 to October 2013. Mr. HU Hao received a bachelor's degree in engineering from Tsinghua University in July 2005 and a master's degree in engineering from Tsinghua University in July 2007.

Mr. NIE Guoqing (聶國慶), born in April 1969, Chinese, senior economist. Mr. NIE Guoqing is the business director of the Bank. Mr. NIE Guoqing has served as the business director of the Bank since September 2023; served as the general manager of the equity investment management department (township bank management department) of the Bank from July 2022 to September 2023; served as the interim head of the equity investment management department (township bank management department) of the Bank from January 2022 to July 2022; served as the general manager of the rural revitalization and financial department of the Bank from April 2021 to January 2022; served as the head of the rural

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

finance department of the Bank from March 2021 to April 2021; served as the secretary to the party committee and president of Anyang Branch of the Bank from February 2016 to March 2021; served as the secretary to the party committee and president of Puyang Branch of the Bank from December 2014 to February 2016; served as the member of the party committee, president and director of Bank of Puyang Co., Ltd. (濮陽銀行股份有限公司) from November 2012 to December 2014; served as the member of the party committee, president and director of Puyang Commercial Bank Co., Ltd. (濮陽市商業銀行股份有限公司) from February 2010 to November 2012; served as the member of the party committee and deputy general manager of Puyang City Credit Co., Ltd. (濮陽市城市信用合作社股份有限公司) from December 2006 to February 2010; served as the member of the party committee and deputy chief of Urban Credit Cooperative of Puyang (濮陽市城市信用社) from September 2006 to December 2006; served as the head of the corporate business department of Puyang Branch of Bank of China (中國銀行濮陽分行) from December 2005 to September 2006; served as the president of Laocheng Sub-branch (老城支行) of Puyang Branch of Bank of China from January 2003 to December 2005; served as the head of asset preservation department of Puyang Branch of Bank of China from May 2001 to January 2003; served as the deputy chief of risk management department of Puyang Branch of Bank of China from March 2000 to May 2001; worked at credit management section and risk management department of Puyang Branch of Bank of China from March 1998 to March 2000; worked at foreign trading credit section of Puyang Branch of Bank of China from March 1997 to March 1998; worked at Zhongyuan Road Office (中原路辦事處) of Puyang Branch of Bank of China from July 1992 to March 1997. Mr. NIE Guoqing obtained a master's degree in business administration from Shanghai Jiao Tong University in December 2014.

Mr. PAN Wenyao (潘文堯), born in September 1972, Chinese. Mr. PAN Wenyao is the secretary to the Board of the Bank. Mr. PAN Wenyao has served as secretary to the Board of the Bank since February 2025; he served as the secretary to the Board and general manager of the Party committee office (the office of the Board) of the Bank from December 2023 to February 2025; he served as the general manager of the Party committee office (the office of the Board) of the Bank from January 2023 to December 2023. He successively served as the deputy head of the financial leasing working group of the Bank, the secretary of the party committee, director, acting chairman and chairman of AB Leasing Co., Ltd. from June 2017 to January 2023. He worked at China CITIC Bank from April 1998 to June 2017, and successively served as the deputy manager, manager of the business department and assistant to the president of Wenhua Road Sub-branch of Zhengzhou Branch, the head and president of the West Sub-branch, the president of Longhai Road Sub-branch, the president of Runhua Sub-branch, the general manager of the international business department, the general manager of the corporate banking department and general manager of the planning and finance department, a member and the secretary of the party committee and president of Anyang Branch, the secretary of the party committee and president of Luoyang Branch and a member of the party committee and the assistant to the president of Lanzhou Branch. He served as the director of the branch office of Shangcheng Road Sub-branch of Zhengzhou Branch of Bank of China from September 1995 to April 1998. He served as the sales manager of Zhuhai Gree Group (珠海格力集團) from July 1994 to September 1995. Mr. PAN Wenyao obtained a bachelor's degree in engineering from Huazhong University of Science and Technology in July 1994 and a master's degree in law from Huazhong University of Science and Technology in June 2007.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

4 Confirmation of Independence of Independent Non-executive Directors

All independent non-executive Directors have confirmed their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and the Bank has considered that all the independent non-executive Directors are independent.

5 Securities Transactions by Directors, Supervisors and Relevant Employees

The Bank has adopted the Model Code as the code of conduct for securities transactions of the Bank by all Directors and Supervisors. The Bank has also put in place guidelines in respect of dealings in securities of the Bank with terms no less exacting than those of the Model Code, for the relevant employees (as defined in the Hong Kong Listing Rules). Having made specific enquiries to all Directors and Supervisors regarding their compliance with the Model Code, each of the Directors and Supervisors confirmed that those standards as provided thereunder have been complied with for the twelve-month period from January 1, 2025 to December 31, 2025. Having made specific enquiries to the relevant employees regarding their compliance with the guidelines of dealing in securities of the Bank, the Bank is not aware of any incompliance with the guidelines.

6 Interests and Short Positions of Directors, Supervisors and Senior Management in Shares, Underlying Shares and Debentures

As of the end of the Reporting Period, none of the Directors, Supervisors or chief executive officers of the Bank has interests and 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 recorded in the register required to be kept by the Bank under Section 352 of the SFO, or 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 and the Model Code.

7 Remuneration Information for Directors, Supervisors and Senior Management

During the Reporting Period, the Bank provides remuneration for Directors, Supervisors and senior management according to the Administrative Measures on the Remuneration of Directors and Supervisors of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司董事、監事薪酬管理辦法》), Implementing Rules on the Remuneration of Senior Management of Head Office of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司總行高級管理人員薪酬管理實施細則》), Measures for Evaluating the Performance of Directors and Senior Management of Board of Directors of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司董事會對董事、高管人員履職評價辦法》), Measures for Evaluating the Performance of Directors, Supervisors and Senior Management of Board of Supervisors of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司監事會對董事、監事、高管人員履職評價辦法》) and Measures for the Administration of the Performance Appraisal of Senior Management of Head Office of Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司總行高級管理人員業績考核辦法》).

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

The specific remuneration package of the Bank's Directors and senior management personnel shall be reviewed by the Nomination and Remuneration Committee of the Board and the Board, and the remuneration of Directors shall be reviewed by the shareholders' general meetings for final decision as well. The specific remuneration package of the Supervisors must be reviewed by the Audit Committee of the Board of Directors, and were ultimately decided by the shareholders' general meetings. The remuneration package of the executive Directors, employee representative Supervisors and senior management of the Bank includes the basic annual salary, annual performance bonus, allowances and benefits. Non-official non-executive Directors and Shareholder representative Supervisors receive allowances for special committees and reimbursement for attending meetings from the Bank, and independent non-executive Directors and external Supervisors receive annual remuneration, allowances for special committees and reimbursement for attending meetings from the Bank.

Remuneration paid to the senior management (excluding the Directors and Supervisors) by the Bank for the year ended December 31, 2025 is set out below:

	Number
RMB0 to RMB1,000,000	11
RMB1,000,000 to RMB2,000,000	3
RMB2,000,000 or above	0

8 Employees, Remuneration Policies and Training Programs

8.1 Information of Employees

As of the end of the Reporting Period, we had 18,094 employees in total, of which 1,794 employees at our head office and 16,300 employees at our branches. Among our employees, 16,043 employees or approximately 88.66% had bachelor's degrees or above, with the average age of 38. The bank has a total of 1,620 employees in its county banks and 866 employees in its non-bank subsidiaries.

As of the end of the Reporting Period, the Bank's total number of employees (including senior management) were 9,183 male employees (accounting for 50.75% of the total employees) and 8,911 female employees (accounting for 49.25% of the total employees), with a reasonable gender structure for all employees. The Board believes that the Bank has achieved gender diversity across the workforce (including senior management). During the Reporting Period, the Board was not aware of any factors and circumstances that would make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

8.2 Remuneration Policies

The remuneration management of the Bank adheres to employee-centered, efficiency-oriented and performance-based principles with due consideration to fairness. According to the relevant laws and regulations and industry regulatory requirements, the remuneration structure has been designed based on the concept of paying for capabilities, responsibilities and contributions (為能力付薪、為責任付薪、為貢獻付薪), and a sound remuneration management system and a scientific and reasonable incentive and restraint mechanism have been established.

The Bank gave full play to the guiding role of remuneration in operation and risk management and control. In accordance with the principle of combining immediate incentives with long-term incentives and combining effective incentives and responsibility constraints, the Bank implemented deferred payment of performance-based remuneration for applicable personnel, and improved the management measures of relevant performance recovery and deduction, so as to further motivate the senior management and employees' stable operation and sustainable long-term development of the Bank. During the Reporting Period, the Bank's performance-based resource deductions amounted to RMB13.5715 million.

The relevant remuneration management system of the Bank should be submitted to the Standing Party Committee of the Bank, Employees' Representative Meeting, Nomination and Remuneration Committee under the Board and the Board of Directors for review. The Bank did not have any equity incentive plan or employee share ownership plan during the Reporting Period.

8.3 Training Programs

Based on the business development strategy and under the people-oriented philosophy, the Bank developed its education and training plans. The Bank implemented a management mechanism of unified principles and plans, hierarchical management and classified implementation for employee training, established a hierarchical training system of "navigating, voyaging, piloting, sailing" (領航、遠航、引航、啟航) and managed the trainings in accordance with a three-tier training system comprising "head office, branch, sub-branch (sector)" (總、分、支). During the Reporting Period, the head office held a total of 163 training sessions with a total of 72,600 participants and 4.11 trainings per head, basically covering all employees; 18 branches organized 745 training sessions, with a total of 104,500 participants.

During the Reporting Period, the Bank's training work focused on enhancing the comprehensive capability of key personnel and the capacity of all staff in the Bank to fulfill their job description. The Bank implemented comprehensive capability enhancement training programs for key personnel such as the middle and senior management, heads of secondary departments, heads of branch departments, presidents at the sub-branch level, outstanding employees and newly recruited college graduates. At the same time, it comprehensively covered core businesses such as corporate, retail, interbank, risk and compliance, and promoted the enhancement of job skills for all employees in the Bank. The Bank encouraged all employees in the Bank to utilize their spare time for self-directed learning, with learning time on the online learning platform reaching 1,160,000 hours in total. The Bank conducted a total of 1,941 online examinations, effectively promoting the enhancement of staff capacity and laying a solid talent foundation for the Bank's sustainable development.

Chapter 7 Directors, Supervisors, Senior Management, Employees and Institutions

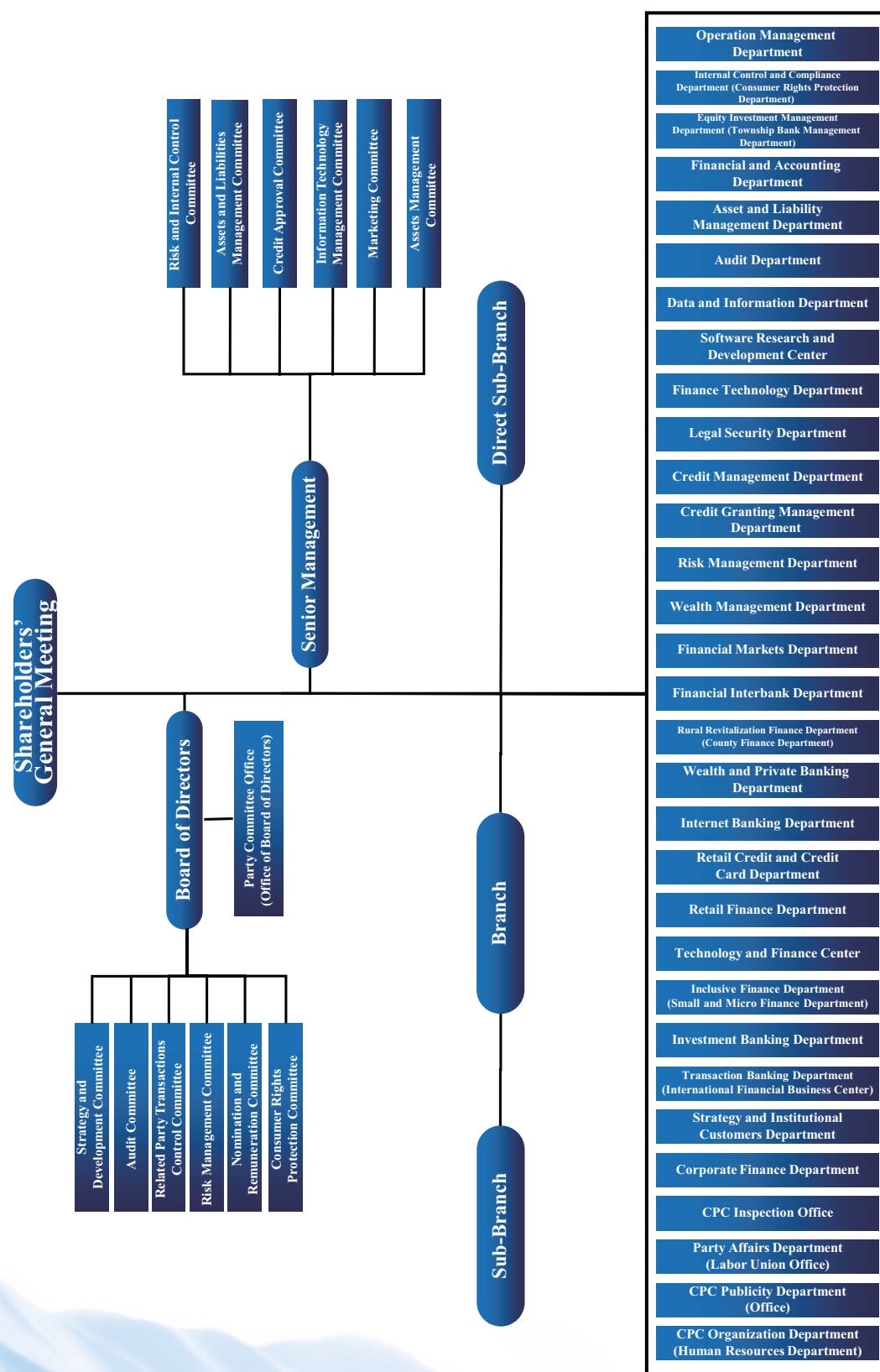
9 Information of Institutions under the Bank

As of the end of the Reporting Period, the Bank had 18 branches and 1 direct sub-branch, with a total of 654 business outlets. Among them, there were 396 urban sub-branches, 168 county sub-branches, 89 township sub-branches and 1 small and micro sub-branch.

No.	Region	Name of Branch	Business Address	Remarks
1	Zhengzhou, Henan	Headquarters	No. 9 Waihuan Road, Financial Island, Zhengdong New District, Zhengzhou, Henan Province	In charge of one directly affiliated sub branch, one sub-branch institution
2	Zhengzhou, Henan	Zhengzhou branch	No. 6, Fengyi Road, Jinshui District, Zhengzhou City, Henan Province	In charge of one business department, 61 sub-branch institutions
3	Luoyang, Henan	Luoyang branch	Intersection of Kaiyuan Avenue and Tongji Street, Luolong District, Luoyang City, Henan Province	In charge of one business department, 73 sub-branch institutions
4	Kaifeng, Henan	Kaifeng branch	No. 246, West Daliang Road, Kaifeng City, Henan Province	In charge of one business department, 29 sub-branch institutions
5	Xinyang, Henan	Xinyang branch	Xinshi Street, Yangshan New District, Xinyang City, Henan Province	In charge of one business department, 32 sub-branch institutions
6	Anyang, Henan	Anyang branch	Northwest Corner, Intersection of Wenfeng Avenue and Guangming Road, Wenfeng District, Anyang City, Henan Province	In charge of one business department, 27 sub-branch institutions
7	Hebi, Henan	Hebi branch	Finance Centre, Northeast Corner, Intersection of Qishui Avenue and Chaoge Road, Qibin District, Hebi City, Henan Province	In charge of one business department, 14 sub-branch institutions
8	Luohe, Henan	Luohe branch	Northwest Corner, Intersection of Huangshan Road and Songjiang Road, Luohe City, Henan Province	In charge of one business department, 17 sub-branch institutions
9	Nanyang, Henan	Nanyang branch	Diyuan Garden, No. 1 Zhongzhou East Road, Wancheng District, Nanyang City, Henan Province	In charge of one business department, 48 sub-branch institutions
10	Pingdingshan, Henan	Pingdingshan branch	No. 7, Yaodian Avenue, Zhanhe District, Pingdingshan City, Henan Province	In charge of one business department, 54 sub-branch institutions
11	Puyang, Henan	Puyang branch	No. 444, Shenglizhong Road, Puyang City, Henan Province	In charge of one business department, 22 sub-branch institutions
12	Sanmenxia, Henan	Sanmenxia branch	No. 2 Commercial Street South, Yingbin Avenue West, Central Business District, Sanmenxia City, Henan Province	In charge of one business department, 39 sub-branch institutions
13	Shangqiu, Henan	Shangqiu branch	No. 195, Middle Wenhua Road, Suiyang District, Shangqiu City, Henan Province	In charge of one business department, 44 sub-branch institutions
14	Xinxiang, Henan	Xinxiang branch	No. 599 Pingyuan Road, Xinxiang City, Henan Province	In charge of one business department, 33 sub-branch institutions
15	Xuchang, Henan	Xuchang branch	East Jianan Avenue, Xuchang City, Henan Province	In charge of one business department, 31 sub-branch institutions
16	Zhoukou, Henan	Zhoukou branch	Changjian MOCO New World Business Office Building, Intersection of Qingfeng East Road and Zhoukou Avenue, Zhoukou City, Henan Province	In charge of one business department, 28 sub-branch institutions
17	Zhumadian, Henan	Zhumadian branch	No. 168, Wenming Road, Zhumadian City, Henan Province	In charge of one business department, 36 sub-branch institutions
18	Jiaozuo, Henan	Jiaozuo branch	No. 1, Yingbin Road, Jiaozuo City, Henan Province	In charge of one business department, 42 sub-branch institutions
19	Jiyuan, Henan	Jiyuan branch	No. 481, Middle Yellow River Road, Jiyuan City, Henan Province	In charge of one business department, 4 sub-branch institutions

Chapter 8 Corporate Governance Report

1 Organizational Structure Chart¹



¹ The dissolution of the Board of Supervisors of the Bank came into effect on January 5, 2026. For details regarding the shareholders' general meeting, please refer to the announcement of the Bank dated January 8, 2026.

Chapter 8 Corporate Governance Report

2 Summary of Organizational Structure of Corporate Governance

In strict compliance with the requirements of domestic and foreign laws and regulations, the Bank actively built a sound corporate governance structure, committed to building an excellent corporate governance mechanism, continuously enhanced the quality and efficiency of corporate governance, and promoted the high-quality development of various businesses of the Bank, so as to safeguard shareholders' interests and enhance the corporate values. The Bank has established a comprehensive corporate governance structure in accordance with the requirements under the Hong Kong Listing Rules. The compositions of the Board and its special committees complied with the requirements under the Hong Kong Listing Rules. The responsibilities are clearly split among the shareholders' general meeting, the Board and the senior management. The shareholders' general meeting is the authority of the Bank, which exercises its powers pursuant to the laws. The Board shall be accountable to the shareholders' general meeting, and our Bank currently has six special committees under the Board. The special committees are operated under the leadership of the Board and provide advice on the decision-making of the Board. The senior management of the Bank works under the leadership of the Board, which is responsible for the implementation of the resolutions of the Board and the daily business operations of the Bank and is required to report to the Board on a regular basis. The president of the Bank shall be appointed by the Board and shall be accountable to the Board, which is responsible for the overall business operation and management of the Bank.

As of the end of the Reporting Period, the Bank strictly complied with the code provisions set out in the Corporate Governance Code and the Hong Kong Listing Rules in relation to the disclosure of inside information. The Directors were not aware of any information indicating that the Bank had not complied with the code provisions set out in the Corporate Governance Code during the Reporting Period. The Bank will continue to review and enhance corporate governance to ensure that our corporate governance complies with the requirements under the Corporate Governance Code and to achieve a higher expectation from the Shareholders and investors.

Culture and Values

The Bank steadfastly follows the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, deeply grasps the core essence of financial culture with Chinese characteristics, and sets its sights on the goal of "building a first class city commercial bank, being a leader of financial institutions in Henan Province" set forth by the Henan Provincial Party Committee and the provincial government. Focused on the "Two High-level Priorities and Four Areas of Emphasis (兩高四著力)" development strategy of Henan Province and centered on our mission and positioning of "people's own bank in central China", the Bank earnestly practices the political and people-oriented nature of financial work. The Bank actively cultivates a financial culture with Chinese characteristics and abides by the principle of "Five Do's and Five Don'ts (五要五不)". We will adhere to the strategy advocating that under the Party's leadership and with the support of the party committee and government, we will continue to function as a bank within a market economy environment, with dual focus on asset quality and business performance. We will spare no effort in supporting the practice of Chinese-style modernization in Henan Province, making new and greater contributions to creating a more brilliant chapter of Zhongyuan Bank in the new era and on the new journey.

Chapter 8 Corporate Governance Report

Independence Mechanism

The Bank has adopted a number of mechanisms to ensure that independent views and opinions are available to the Board, including a procedure to engage independent specialised institutions for provision of independent professional advice at the Bank's expense if the Directors think necessary.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the above mechanisms and considers them to be effective.

Board Diversity Policy

The increasing diversity at the Board level is the key factor for the Bank to achieve its sustainable development, fulfill its strategic objectives and maintain good corporate governance.

In setting the composition of the Board members, the Bank shall consider the diversity of the Board members from several aspects, including but not limited to gender, age, regional and industrial experience, skills, knowledge and educational background. All Board members' appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard given to the benefits of diversity of the Board members. Selection of candidates for the Board will be based on a range of diversity perspectives, including but not limited to gender, age, regional and industrial experience, skills, knowledge and educational background. In order to maintain the gender diversity of the Board in the coming years, the Bank will (i) consider the possibility of nominating female senior management who have the necessary skills and experience to the Board; (ii) ensure that there is gender diversity when recruiting staff; and (iii) engage more resources in training female staff with the aim of promoting them to the senior management or Directors of the Bank.

The Board is responsible for regularly reviewing the relevant diversity policy to ensure that it can be in line with the needs of the Bank, reflecting regulatory requirements and sound corporate governance practices; the Nomination and Remuneration Committee of the Board reviews the structure, size and composition (including the skills, knowledge and experience) of the Board annually and takes full account of the requirements of the Board diversity policy when nominating candidates for directors.

The Bank has always adhered to the Board diversity policy. As of the date of this annual report, 20% of the Board members were female (2 female Directors out of 10 Directors), and all Directors have a master's degree or above. The Nomination and Remuneration Committee of the Board and the Board considered that the Board composition was balanced and diversified (including gender diversity). Therefore, no measurable objectives are set for the implementation of the Board diversity policy.

Board Diversity	No. of Directors	Proportion of Board Members
Age Composition		
Age 40 to 50	4	40%
Age 50 to 59	4	40%
Age above 60	2	20%
Gender Composition		
Male	8	80%
Female	2	20%
Qualification Composition		
Doctor	8	80%
Master	2	20%

For details about the gender diversity of the Bank's employees, please refer to Chapter 7 "Directors, Supervisors, Senior Management, Employees and Institutions – 8.1 Information of Employees".

Chapter 8 Corporate Governance Report

3 Information Regarding the Convening of the Shareholders' General Meetings

During the Reporting Period, the Bank held the 2024 annual general meeting, the first H Share class meeting of 2025, the first domestic Share class meeting of 2025, the 2025 first extraordinary general meeting, the 2025 second extraordinary general meeting and the 2025 third extraordinary general meeting.

On June 30, 2025, in Zhengzhou, Henan, the Bank held the 2024 annual general meeting, the first H Share class meeting of 2025 and the first domestic Share class meeting of 2025, at which 14 proposals were considered and approved, including Proposal on the Work Report of the Board of Directors of Zhongyuan Bank Co., Ltd. for 2024, Proposal on the Work Report of the Board of Supervisors of Zhongyuan Bank Co., Ltd. for 2024, Proposal on the Final Account Report of Zhongyuan Bank Co., Ltd. for 2024, Proposal on the Financial Budget Report of Zhongyuan Bank Co., Ltd. for 2025 and Proposal on Profit Distribution Plan of Zhongyuan Bank Co., Ltd. for 2024. The first domestic Share class meeting of 2025 and the first H Share class meeting of 2025 each considered and approved 2 proposals, namely the Resolution on Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd. and the Resolution on Amendments to the Rules of Procedures of the Shareholders' General Meeting of Zhongyuan Bank Co., Ltd..

On August 20, 2025, the Bank held the 2025 first extraordinary general meeting in Zhengzhou, Henan, at which 2 proposals were considered and approved, namely the Resolution on the Application for Change of the Domicile of Headquarters of Zhongyuan Bank Co., Ltd. and the Resolution on Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd..

On November 10, 2025, the Bank held its 2025 second extraordinary general meeting in Zhengzhou, Henan, at which 7 resolutions were considered and approved, including the Resolution on the Election of Mr. Zhou Feng as Executive Director of the Third Session of the Board of Directors of Zhongyuan Bank Co., Ltd.; the Resolution on Dissolution of the Board of Supervisors of Zhongyuan Bank Co., Ltd. and Abolition of the Corporate Governance System Related to the Board of Supervisors; the Resolution on the Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd.; the Resolution on Amendments to the Rules of Procedures of the Shareholders' General Meeting of Zhongyuan Bank Co., Ltd.; the Resolution on Amendments to the Rules of Procedures of the Board's Meeting of Zhongyuan Bank Co., Ltd. and the Resolution on the Implementation Plans for Zhongyuan Bank Co., Ltd.'s Acquisition of Puyang Zhongyuan County Bank Co., Ltd., Mengjin Minfeng County Bank Co., Ltd. and Henan Luanchuan Minfeng County Bank Co., Ltd. and Establishment of Branches,.

On December 24, 2025, the Bank held the 2025 third extraordinary general meeting in Zhengzhou, Henan, at which 2 proposals were considered and approved, namely the Resolution on the Implementation Plans for Zhongyuan Bank Co., Ltd.'s Acquisition of Jiaxian Guangtian County Bank Co., Ltd. and Xiangcheng Zhongyuan Rural Bank Co., Ltd. and Establishment of Branches, and the Resolution on Authorizing the Senior Management to Handle Matters Related to the Acquisition and Establishment of Branches as well as the Absorption and Merger of Jiaxian Guangtian County Bank Co., Ltd. and Xiangcheng Zhongyuan Rural Bank Co., Ltd..

The convening, notice, holding and voting procedures of the aforesaid Shareholders' general meetings were in compliance with the relevant laws and regulations and the relevant requirements of the Articles of Association of the Bank.

Chapter 8 Corporate Governance Report

4 The Board

4.1 Operation of the Board

The Board of the Bank is responsible for the shareholders' general meetings, and the Directors are elected by the shareholders' general meetings with a term of three years. The Directors make decisions on the Bank's development strategy, operating plan and other matters mainly by means of board meetings. The Board meetings are divided into regular board meetings and interim board meetings. The Board meeting can be convened in the form of a physical meeting or in the form of written resolutions, and regular board meetings shall be convened in the form of a physical meeting. The Board shall hold at least four regular Board meetings annually convened by the chairman of the Board. Notices of the Board meetings shall be sent to all Directors in writing fourteen (14) days before the meeting, and the meeting documents shall be sent to all Directors ten (10) days before the meeting. The Board and the senior management of the Bank have established a good communication mechanism. All proposals submitted to the Board meeting are subject to careful review and active discussion by all Directors before making a decision.

All Directors keep in contact with the secretary to the Board and the company secretary, to ensure compliance with board procedures and all applicable rules and regulations. Detailed minutes of Board meetings are kept, and minutes of the meetings are kept by the secretary to the Board, and are available for review by directors at any time. A communication and reporting mechanism has been established between the Board, Directors and senior management of the Bank. The president reports his work to the Board on a regular basis, and is supervised by the Board. Relevant senior executives are invited to attend Board meetings from time to time to provide explanations or reply to enquiries. At Board meetings, Directors can express their opinions freely, and major decisions shall only be made after thorough discussion. Directors may also follow certain procedures to engage independent specialised institutions at the Bank's expense, for provision of independent professional advice, if they deem necessary. If any Director has material interest in a proposal to be considered by the Board, such Director should abstain from discussion and voting on the relevant proposal, and will not be counted in the quorum of the relevant proposal.

The Board has set up an office as its daily working organization, which is responsible for preparing the shareholders' general meeting, the Board meetings and all the meetings of special committees under the Board, and is responsible for implementing all the matters assigned by the shareholders' general meeting, the Board and the special committees under the Board.

The Board and the senior management of the Bank exercise their authority in accordance with the requirements under our Articles of Association, and the Board of the Bank performs regular discussion on risk management and internal control system annually, including financial, operational and compliance controls. The Board believes that the risk management and internal control system established and implemented by the Bank is sufficient and effective.

Chapter 8 Corporate Governance Report

4.2 Composition of the Board

As of the date of this annual report, the Board of the Bank consists of 10 Directors, including 2 executive Directors, i.e. Mr. GUO Hao and Mr. ZHOU Feng; 3 non-executive Directors, i.e. Mr. FENG Ruofan, Mr. LI Wenqiang and Ms. ZHANG Shu; and 5 independent non-executive Directors, i.e. Mr. XU Yiguo, Ms. ZHAO Zijian, Mr. WANG Maobin, Mr. PAN Xinmin and Mr. GAO Pingyang.

4.3 Functions and Powers of the Board

The Board shall exercise the following functions and powers:

- (I) convening the shareholders' general meetings and reporting its work at the general meetings;
- (II) implementing resolutions of the shareholders' general meetings;
- (III) formulating business development strategies, business plans and investment plans of the Bank, and supervising the implementation of strategies;
- (IV) formulating annual financial budget plans and final account plans of the Bank;
- (V) formulating profit distribution plans and plans for recovery of losses of the Bank;
- (VI) formulating proposals for increases in or reductions of registered capital, issuance of bonds or other securities and listing plans of the Bank;
- (VII) working out proposals for major acquisitions of the Bank, purchase of the Bank's shares, merger, separation, change of the nature of the Bank and dissolution or liquidation;
- (VIII) reviewing and approving annual authorization plans of the Bank relating to business, personnel, and financial affairs;
- (IX) reviewing and approving external donations with a single amount of more than RMB200,000 and less than RMB30 million (inclusive), and a cumulative amount of more than RMB500,000 within the same year or a cumulative amount of more than RMB1 million to the same object;
- (X) reviewing and approving matters in relation to major equity investment and disposal with a single amount representing less than ten percent (inclusive) of the most recent audited net asset of the Bank;
- (XI) reviewing and approving matters in relation to major asset acquisition, disposal and write-off with a single amount exceeding RMB200 million (exclusive) and representing less than ten percent (inclusive) of the most recent audited net asset of the Bank;
- (XII) reviewing and approving external guarantees of other non-commercial banking business guarantees (such as pledge of assets) with a single amount below RMB200 million (inclusive);

Chapter 8 Corporate Governance Report

- (XIII) reviewing and approving related party transactions, data governance and other matters in accordance with laws and regulations, regulatory requirements and the Articles of Association of the Bank;
- (XIV) deciding on the establishment of the internal management structure of the Bank;
- (XV) deciding on the establishment and planning of our branches;
- (XVI) appointing or removing senior management personnel, including the president and the secretary of the Board of Directors of the Bank in accordance with the regulatory requirements; appointing or removing senior management personnel, including vice presidents, assistants to the president and finance officers of the Bank, based on the recommendations of the president; and deciding on matters relating to their emoluments and awards or punishment, and supervising the senior management in performance of duties;
- (XVII) establishing the basic management system of the Bank, deciding on policies on risk management, internal control and compliance of the Bank;
- (XVIII) formulating proposals for any amendment to our Articles of Association;
- (XIX) formulating the rules of procedure of the shareholders' general meeting and the rules of procedure of the Board of Directors, and considering and approving the working rules of the special committees of the Board of Directors;
- (XX) managing the disclosure of information of the Bank, taking charge of the information disclosure of the Bank and bearing the ultimate liability for the authenticity, accuracy, completeness, and timeliness of the accounting and financial reports;
- (XXI) proposing the appointment, removal or replacement of accounting firms to the shareholders' general meeting for conducting regular statutory audits of financial reports of the Bank;
- (XXII) reviewing working reports of the president of the Bank and examining the performance of the president;
- (XXIII) formulating capital replenishment plans, developing capital planning of the Bank, and bearing the ultimate responsibility for capital or solvency management;
- (XXIV) formulating the risk tolerance, risk management and internal control policies of the Bank, and bearing the ultimate responsibility for comprehensive risk management;
- (XXV) formulating medium – and long-term incentive plans, such as equity incentive plans and employee stock ownership plans;

Chapter 8 Corporate Governance Report

- (XXVI) the Board of Directors shall establish a supervision mechanism to ensure that the management will formulate a code of conduct and working principles for the management staff and the business personnel at all levels and that the aforementioned regulatory documents will expressly require employees at all levels to promptly report any possible conflict of interests, provide detailed rules and establish a corresponding processing mechanism;
- (XXVII) the Board of Directors shall establish a reporting system to require the senior management to report operational issues of the Bank to the Board of Directors regularly. The following items shall be regulated under this system:
1. The contents and the basic standard of the information reported to the Board of Directors;
 2. The frequency of the report;
 3. The form of the report;
 4. The responsible bodies of the report and the responsibilities for delay or incompleteness of the report;
 5. The confidentiality of the report.
- (XXVIII) regularly evaluating and improving the Bank's corporate governance;
- (XXIX) assuming responsibility for the management of Shareholders' affairs;
- (XXX) safeguarding the legitimate rights and interests of financial consumers and other stakeholders;
- (XXXI) establishing a mechanism for identification, review and management of conflicts of interest between the Bank and Shareholders, especially substantial Shareholders;
- (XXXII) exercising any other functions and powers prescribed by the laws, administrative regulations, departmental rules or the Articles of Association of the Bank and authorized by the shareholders' general meetings.

With the exception of items (V), (VI), (VII), (IX), (X), (XI), (XII), (XVI), (XVIII), (XXIII) and (XXV) which shall be approved by two-thirds of the Directors, the resolutions of the Board of Directors under the preceding paragraphs shall be approved by more than half of the Directors. Matters beyond the scope of authorization of the shareholders' general meetings of the Bank shall be submitted to the shareholders' general meetings for consideration.

The Board shall obtain the approval of more than half of all members of the Audit Committee of the Board of Directors before making resolutions on the following matters:

- (1) appointment and dismissal of the accounting firm that provides audit services to the Bank;
- (2) appointment and dismissal of the chief financial officer;
- (3) disclosure of financial accounting reports;
- (4) other matters as prescribed by the securities regulatory authorities of the State Council.

The Board is also responsible for performing the functions set out in the second part of the code provision A.2.1 of the Corporate Governance Code. The Board reviewed the Bank's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Bank's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and employee written guidelines, and the Bank's compliance with the Corporate Governance Code and disclosure in this annual report.

Chapter 8 Corporate Governance Report

4.4 Director's Responsibility for the Preparation of the Financial Statements

The Directors acknowledge that they are responsible for the preparation of the financial statements of our Bank for the year ended December 31, 2025, which give a true and fair view of the status of affairs and results of the Bank. In doing so, the Directors adopted suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensured that the financial statements of the Bank were prepared in accordance with statutory requirements and appropriate financial reporting standards. The statement of the external auditors with regard to their reporting responsibilities on the Group's financial statements is set out on page 149 to page 155 in the Independent Auditors' Report.

4.5 Directors Appointed During the Reporting Period

Mr. LI Wenqiang and Mr. ZHOU Feng, Directors, have obtained the legal opinion as stipulated under Rule 3.09D of the Listing Rules on December 1, 2025 and December 22, 2025 respectively, confirming their understanding of their responsibilities as Directors of the Bank.

4.6 Performance of the Board

The Bank regards the assessment of Directors' performance as an important procedure in evaluating the effectiveness of the Board. As at March 27, 2026, the Nomination Committee of the Bank conducted an evaluation of the performance of the Board and all Directors during the Reporting Period, which was subsequently reviewed by the Board. According to the results of the performance evaluation, during the Reporting Period, all Directors performed their duties with diligence and loyalty, possessed the knowledge, experience, competence and commitment commensurate with their positions, demonstrated good character, reputation and records of compliance with laws and regulations, adhered to high standards of professional ethics, and contributed to the overall effectiveness of the Board. The performance evaluation for all Directors for the year 2025 was "competent".

4.7 Meetings of the Board of Directors and the Directors' Attendance

During the Reporting Period, our Bank convened 10 Board meetings, at which 49 reports were reviewed, and 104 resolutions were considered and approved.

The details of the Board meetings are set out below:

Date of meeting	Session of meeting	Form of meeting
March 28, 2025	The 13th meeting of the third session of the Board	On-site
April 17, 2025	The 14th meeting of the third session of the Board	On-site
May 19, 2025	The 15th meeting of the third session of the Board	Written resolutions
June 23, 2025	The 16th meeting of the third session of the Board	On-site
July 30, 2025	The 17th meeting of the third session of the Board	Written resolutions
August 28, 2025	The 18th meeting of the third session of the Board	On-site
October 17, 2025	The 19th meeting of the third session of the Board	On-site
November 10, 2025	The 20th meeting of the third session of the Board	On-site
December 4, 2025	The 21st meeting of the third session of the Board	On-site
December 30, 2025	The 22nd meeting of the third session of the Board	On-site

Chapter 8 Corporate Governance Report

The attendance of each Director at the shareholders' general meeting during his/her term of office during the Reporting Period is set out below:

		Number of meetings attended/number of meetings held during each Director's term of office					
		The 2025 First					The 2025 third
Director	The 2025 annual general meeting	H Shareholders Class Meeting	Domestic Shareholders Class Meeting	The 2025 first extraordinary general meeting	The 2025 second extraordinary general meeting	The 2025 third extraordinary general meeting	
Executive Directors	GUO Hao	1/1	1/1	1/1	1/1	1/1	1/1
	ZHOU Feng ³	/	/	/	/	/	/
Non-executive Directors	ZHANG Qiuyun ¹	/	/	/	/	/	/
	FENG Ruofan	1/1	1/1	1/1	1/1	1/1	1/1
	LI Wenqiang ²	/	/	/	/	/	1/1
	ZHANG Shu	1/1	1/1	1/1	1/1	1/1	1/1
Independent Non-executive Directors	XU Yiguo	1/1	1/1	1/1	1/1	1/1	1/1
	ZHAO Zijian	1/1	1/1	1/1	1/1	1/1	1/1
	WANG Maobin	1/1	1/1	1/1	1/1	1/1	1/1
	PAN Xinmin	1/1	1/1	1/1	1/1	1/1	1/1
	GAO Pingyang	1/1	1/1	1/1	1/1	1/1	1/1

The attendance of each Director at Board meetings and meetings of special committees during the Reporting Period is set out below:

		Number of meetings attended/number of meetings held during each Director's term of office					
		Related Party					Consumer Rights
Director	Board meeting	Strategy and Development Committee of the Board	Risk Management Committee of the Board	Nomination and Remuneration Committee of the Board	Transactions Control Committee of the Board	Audit Committee of the Board	Protection Committee of the Board
Executive Directors	GUO Hao	10/10	9/9	/	/	/	/
	ZHOU Feng ³	/	/	/	/	/	/
Non-executive Directors	ZHANG Qiuyun ¹	0/2	0/2	/	/	/	/
	FENG Ruofan	7/10	7/7	6/6	/	/	/
	LI Wenqiang ²	1/1	/	/	/	/	/
	ZHANG Shu	10/10	/	/	/	/	5/5
Independent Non-executive Directors	XU Yiguo	10/10	9/9	6/6	6/6	/	/
	ZHAO Zijian	9/10	/	6/6	6/6	7/7	/
	WANG Maobin	10/10	/	/	/	7/7	6/6
	PAN Xinmin	10/10	/	/	6/6	7/7	6/6
	GAO Pingyang	9/10	/	/	/	/	6/6

Notes:

- On April 17, 2025, Ms. ZHANG Qiuyun, non-executive Director, resigned as the non-executive Director and the member of the Strategy and Development Committee.
- On December 8, 2025, the qualification of Mr. LI Wenqiang as a Director was approved by the Henan Office of the National Financial Regulatory Administration.
- On January 4, 2026, the qualification of Mr. ZHOU Feng as a Director was approved by the Henan Office of the National Financial Regulatory Administration.

Chapter 8 Corporate Governance Report

4.8 Independent Non-Executive Directors

The Board of the Bank currently has 5 independent non-executive Directors with a term of 3 years, which complies with the relevant requirements under the Hong Kong Listing Rules.

Independent non-executive Directors of the Bank undertake the obligation to observe the principle of good faith in accordance with the relevant applicable laws and the Articles of Association, to safeguard the interests of the Bank as a whole, and particularly ensure that the legitimate rights and interests of depositors and minority shareholders of the Bank are not prejudiced. Independent non-executive Director performs the duties and responsibilities independently, without any interference by controlling shareholders of the Bank, or other entities or individuals who have a material interest in the Bank. The independent non-executive Directors of the Bank also attended the annual general meeting of the Bank to listen to shareholders' opinions. In addition, they have also contributed positively to the development of the Bank's strategy and policies by providing independent, constructive and informed advice. During the Reporting Period, the Chairman of the Bank held one meeting with independent non-executive Directors in the absence of other Directors.

The independent non-executive Directors of the Bank have not raised any objections to the resolutions passed at the Board meetings or meetings of special committees during the Reporting Period.

4.9 Appointment, Re-election and Removal of Directors

The Bank's appointment, re-election and removal of Directors are subject to the requirements of the Hong Kong Listing Rules and the Bank's Articles of Association. The Nomination and Remuneration Committee of the Board of the Bank conducts a preliminary verification of the qualifications and conditions of candidates for Directors, and proposes the qualified candidates to the Board of Directors for consideration. After the Board considered and approved, the candidates for the Board will be presented to the shareholders' general meeting by way of written proposal. The Bank's shareholders' general meeting may, through ordinary resolutions, appoint relevant persons who meet the qualifications as Directors. For independent non-executive Director candidates, the Nomination and Remuneration Committee of the Board will conduct a qualification review before the appointment, focusing on independence, expertise, experience and ability.

The term of office of the Directors (including non-executive Directors) of the Bank is three years and Directors can be re-elected and re-appointed upon expiration. The renewal term of independent non-executive Directors shall not exceed six years.

Subject to relevant laws and administrative regulations, the shareholders' general meeting may, in accordance with Articles 102 and 116 of the Bank's Articles of Association, remove any Directors whose term of office has not expired by an ordinary resolution before the expiration of the term of the Directors.

Chapter 8 Corporate Governance Report

5 Committees under the Board

As of the end of the Reporting Period, our Bank currently has 6 special committees under the Board, which are the Strategy and Development Committee, the Audit Committee, the Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Rights Protection Committee. Each special committee shall report to the Board, which provides professional opinions for the Board or makes decisions for professional matters as per the authorization of the Board.

5.1 Strategy and Development Committee

As of the end of the Reporting Period, the Strategy and Development Committee under the Board consists of 3¹ Directors, being Mr. GUO Hao (an executive Director), Mr. FENG Ruofan (a non-executive Director) and Mr. XU Yiguo (an independent non-executive Director), respectively. Mr. GUO Hao is the Chairman. The primary duties of the Strategy and Development Committee are:

- (I) formulating medium-and long-term strategic objectives of the Bank; overseeing and assessing the implementation of the strategies and making recommendations to the Board;
- (II) reviewing the annual operational plans and fixed asset investment budget of the Bank; supervising and inspecting the implementation of the annual operational plans and fixed asset investment budget of the Bank;
- (III) studying the development of information technology, financial inclusion, green finance and other specialized strategic development plans of the Bank, supervising and evaluating the implementation of each strategy and promoting each strategy to meet the planning expectations according to the needs of strategic development plans and making recommendations to the Board;
- (IV) studying and formulating strategies and policies of the social responsibilities of the Bank, supervising, inspecting and evaluating the performance of social responsibilities by the Bank;
- (V) reviewing annual authorization plans relating to business, personnel, and financial affairs of the Bank and making recommendations to the Board;

¹ On April 17, 2025, Ms. ZHANG Qiuyun resigned as a member of the Strategy and Development Committee of the Bank. Mr. FENG Ruofan was elected as a member of the Strategy and Development Committee at the meeting of the Board of the Bank held on the same date, with effect from April 17, 2025. For more details, please refer to the Bank's announcement dated April 17, 2025.

Chapter 8 Corporate Governance Report

- (VI) reviewing and approving the external donations with a single amount between more than RMB0.2 million and less than RMB30 million (inclusive), and a cumulative total of more than RMB0.5 million in the same year, or a cumulative total of more than RMB1 million to the same object; reviewing matters in relation to major equity investment and disposal with a single amount representing less than ten percent (inclusive) of the most recent audited net asset of the Bank; reviewing matters in relation to major asset acquisition, disposal and write-off with a single amount exceeding RMB200 million (exclusive) and representing less than ten percent (inclusive) of the most recent audited net asset of the Bank; reviewing external guarantees of other noncommercial banking business guarantees (such as pledge of assets) with a single amount less than RMB200 million (inclusive); and making recommendations to the Board on above-mentioned matters;
- (VII) studying and coordinating other material matters in relation to the Bank's strategic development.

During the Reporting Period, the Strategy and Development Committee under the Board held 9 meetings, reviewing 6 reports, including the 2024 Operation Report and 2025 Work Plan of Zhongyuan Bank Co., Ltd. and considering 34 resolutions, including Proposal on the 2024 Capital Adequacy Ratio Report and 2025 Capital Adequacy Ratio Plan of Zhongyuan Bank Co., Ltd.

5.2 Audit Committee

As of the end of the Reporting Period, the Audit Committee of the Board of Directors consists of 3 Directors, being Mr. PAN Xinmin (an independent non-executive Director), Mr. WANG Maobin (an independent non-executive Director) and Mr. GAO Pingyang (an independent non-executive Director) respectively. Mr. PAN Xinmin is the Chairman. The primary duties of the Audit Committee include the following:

- (I) comprehensively supervising the Bank's risk, compliance and financial condition, continuously evaluating the effectiveness of risk management and compliance management systems, and monitoring overall financial performance and internal control system;
- (II) reviewing the Bank's finances and auditing its financial information and disclosures; inspecting the Bank's financial activities, reviewing the Bank's financial and accounting policies and practices, and supervising the Bank's financial controls and major financial decisions and their implementation, while reviewing the Bank's financial and accounting reports and the financial information in the periodic reports and its disclosure, providing opinions on their authenticity, accuracy and completeness, and supervising the rectification of related issues;
- (III) making recommendations to the Board on the engagement, reappointment or change of the external audit institution that audits the Bank, including making recommendations to the Board on the engagement, reappointment or change of the external audit institution, and approving the remuneration and terms of engagement of the external audit institution, and dealing with any questions about the resignation or dismissal of the external audit institution; making recommendations on the appointment or dismissal of the financial officers;

Chapter 8 Corporate Governance Report

- (IV) monitoring and evaluating the external audit institution's independence and objectivity and the effectiveness of the audit process. The Audit Committee should discuss with the external audit institution the nature and scope of the audit and reporting obligations before the audit commences;
- (V) developing and implementing policy on engaging an external audit institution to supply non-audit services. For this purpose, external audit institution includes any institution that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board and make recommendations on any matters where action or improvement is needed;
- (VI) reviewing the Bank's financial statements of the previous year's results of operation and annual report and accounts, half-year report and, if prepared for publication, quarterly reports issued by the external audit institution, and reviewing significant financial reporting judgements contained in them, judging the truthfulness, accuracy, integrity and promptness of the audited financial statements and making review recommendations to the Board. In reviewing these statements and reports before the submission to the Board, the Audit Committee should focus particularly on:
 - 1. any changes in accounting policies and practices;
 - 2. major judgmental areas;
 - 3. significant adjustments resulting from audit;
 - 4. the going concern assumptions and any reservations;
 - 5. compliance with accounting standards;
 - 6. compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting.

Members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Bank's external audit institution. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Bank's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

- (VII) reviewing the internal control evaluation report and related materials, evaluating the establishment and implementation of the Bank's internal controls, reviewing and monitoring the Bank's internal control (including financial control) system and supervising the effective implementation of internal controls;

Chapter 8 Corporate Governance Report

- (VIII) discussing the risk management and internal control systems with management to ensure that management has performed its duty to establish effective systems. This discussion should include the adequacy of the Bank's resources, staff qualifications and experience in respect of its accounting and financial reporting function, training programmes for staff and the relevant budget;
- (IX) considering major investigation findings on risk management and internal control matters and management's response to these findings on its own initiative or as delegated by the Board, including but not limited to: (1) paying attention to and gaining knowledge of the examination, evaluation and recommendations on the Bank's internal controls by internal and external auditors; (2) studying the external auditor's management letter and any significant queries raised about accounting records, financial accounts or internal controls, and the management's response; and (3) promoting the Board to pay attention to issues raised in the management letter;
- (X) responsible for the communication between the internal and external audit to ensure co-ordination between the internal and external audit institution, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Bank, to review and monitor its effectiveness, to guide the internal audit department to perform their duties of auditing and supervision independently, and to examine and supervise the operation decisions, risk management and internal control of the Bank and supervise the rectification;
- (XI) reviewing the external audit institution's Management Letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (XII) ensuring that the Board will provide a timely response to the issues raised in the external audit institution's Management Letter;
- (XIII) acting as the key representative body for overseeing the Bank's relations with the external audit institution;
- (XIV) reviewing the following arrangements of the Bank: employees of the Bank can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should also ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; the Audit Committee should establish a whistleblowing policy and system for employees and those who deal with the Bank (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Bank;
- (XV) reporting to the Board on the above-mentioned matters;

Chapter 8 Corporate Governance Report

- (XVI) supervising the performance of duties by Directors and senior management members, establishing and improving the duty performance evaluation system for Directors and senior management members and evaluating their performance of duties; proposing the removal of Directors and senior management personnel who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' general meetings;
- (XVII) requiring Directors and senior management personnel to correct any acts that are detrimental to the Bank's interests;
- (XVIII) instituting litigation against Directors and senior management personnel who have violated laws, administrative regulations, or the Articles of Association in the performance of their duties, resulting in losses to the Bank;
- (XIX) proposing to convene extraordinary general meetings, submit proposals to the shareholders' general meetings, and convening and presiding over shareholders' general meetings when the Board fails to perform its duties of convening and presiding over shareholders' general meetings as stipulated in the Company Law;
- (XX) proposing to convene extraordinary Board meetings and submit proposals to Board meetings;
- (XXI) other duties which are required by the securities regulatory and administrative authorities under the State Council and the Hong Kong Listing Rules to be performed by the Audit Committee;
- (XXII) other functions and powers which are conferred by laws, regulations, regulatory requirements, the general meeting and the Board and exercising the functions and powers of the Board of Supervisors as prescribed under the Company Law.

All the members of the Audit Committee are independent non-executive Directors of the Bank. 3 members have focused on the Bank's financial, risk and compliance condition through considering the relevant financial reports, and actively put forward professional opinions and suggestions. During the Reporting Period, the Audit Committee has totally convened 6 meetings, reviewing 14 reports, including the 2024 Audit-related Work Report of Baker Tilly China Certified Public Accountants and considering 17 resolutions, including the "Proposal on the 2024 Final Account Report of Zhongyuan Bank Co., Ltd." and "Proposal on the 2024 Internal Control and Evaluation Report of Zhongyuan Bank Co., Ltd.", and met with external auditor for communication and interaction in the absence of the executive Directors and the senior management of the Bank. On March 24, 2026, prior to the annual board meeting, the 16th meeting of the Audit Committee of the third session of the Board reviewed the audited financial statement for the year ended December 31, 2025. This statement was prepared pursuant to the international accounting standards and policies.

Chapter 8 Corporate Governance Report

5.3 Related Party Transactions Control Committee

As of the end of the Reporting Period, the Related Party Transactions Control Committee of the Board of Directors consists of 3 Directors, being Mr. WANG Maobin (an independent non-executive Director), Ms. ZHAO Zijian (an independent non-executive Director), Mr. PAN Xinmin (an independent non-executive Director). Mr. WANG Maobin is the Chairman. The primary duties of the Related Party Transactions Control Committee include the following:

- (I) managing the Bank's related party (connected) transactions pursuant to the provisions of laws, regulations and the Hong Kong Listing Rules and formulating corresponding related party (connected) transactions management rules;
- (II) identifying the Bank's related parties (connected persons) pursuant to the provisions of laws, regulations and the Hong Kong Listing Rules, and reporting to the Board;
- (III) defining the Bank's related party (connected) transactions in accordance with the requirements of the laws, regulations, the Hong Kong Listing Rules and the Articles of Association of the Bank;
- (IV) reviewing the Bank's related party (connected) transactions pursuant to the provisions of laws, regulations and the Hong Kong Listing Rules and under the commercial principle of fairness and justice;
- (V) material related party (connected) transactions of the Bank and other connected transactions which are subject to approval by the Board shall be submitted to the Board for approval after they are examined by the Related Party Transactions Control Committee. If such transactions fall within the related party (connected) transactions which need to be approved by the general meeting pursuant to the Hong Kong Listing Rules and the amount of related party (connected) transactions exceeds the cap authorized by general meeting to the Board, approval from general meeting is also required;
- (VI) reviewing the information disclosure of the Bank's material related party transactions and connected transactions required to be disclosed;
- (VII) other powers conferred by the Board on the committee.

Members of the Related Party Transactions Control Committee are independent non-executive directors, who conduct prudent reviews on the related party transactions of the Bank and examine the material related party transactions in strict accordance with the approval procedures. During the Reporting Period, the Related Party Transactions Control Committee has totally convened 7 meetings to review 5 reports, including "the Audit Report of Zhongyuan Bank Co., Ltd. on the Management of Related Party Transactions in 2024" and to consider 15 resolutions, including "Resolution on the Special Report of the Related Party Transactions of Zhongyuan Bank Co., Ltd. for the Year of 2024".

Chapter 8 Corporate Governance Report

5.4 Risk Management Committee

As of the end of the Reporting Period, the Risk Management Committee of the Board of Directors consists of 3 Directors, namely Ms. ZHAO Zijian (an independent non-executive Director), Mr. FENG Ruofan (a non-executive Director) and Mr. XU Yiguo (an independent non-executive Director). Ms. ZHAO Zijian is the Chairwoman. The primary duties of the Risk Management Committee include the following:

- (I) considering and formulating risk management framework, setting up procedures to identify, assess and manage the material risks faced by our Group, providing guidance to the management on risk management and ensuring that the management fulfils its responsibility in establishing an effective risk management system;
- (II) supervising the Bank's control of credit risk, liquidity risk, market risk, operational risk, compliance risk and reputational risk and conducting necessary identification, assessment and management;
- (III) studying macro-economic and financial policies, analysing market changes and putting forward management proposals on industry risks;
- (IV) overseeing the Bank's risk management and internal control systems on an ongoing basis as delegated by the Board and ensuring that the effectiveness of the Bank's and its subsidiaries' risk management and internal control systems has been reviewed at least once every year. Such review should cover all material controls, including financial, operational and compliance controls. The annual review conducted by the Risk Management Committee should ensure the adequacy of the Bank's resources, staff qualifications and experience in accounting, internal audit and financial reporting functions and the training courses attended by the staff and relevant budget.

The annual review conducted by the Risk Management Committee every year should, in particular, include:

- 1. the changes in the nature and severity of significant risks since the last annual review, and the ability of the Bank to respond to changes in its business and the external environment;
- 2. the scope and quality of management's ongoing monitoring of risks and internal control systems, and its internal audit function and the work of other assurance providers;
- 3. the details and frequency of monitoring results delivered to the Board or the Risk Management Committee;
- 4. significant control failures incurred or significant control weaknesses identified during the period and severity level of unforeseen outcomes or emergencies which they have resulted in, and the material impact that the outcomes or emergencies have had, could have had, or may in the future have on the financial performance or condition of the Bank;
- 5. the effectiveness of the Bank's procedures for financial reporting and compliance with the Hong Kong Listing Rules.

Chapter 8 Corporate Governance Report

- (V) reporting any material matter on risk management to the Board, proposing solutions to such matter and advising on improving the Bank's compliance, risk management and internal control;
- (VI) studying risk prevention measures of material risk events in the Bank's operation and management;
- (VII) reviewing information disclosure issues in the Bank's risk management;
- (VIII) other powers conferred by the Board on the committee.

During the Reporting Period, each member of the Risk Management Committee paid close attention to macroeconomic situation, financial policies and market changes, and provided professional opinions and suggestions for the Bank's comprehensive risk management work. At the same time, members reviewed the internal control compliance, the credit concentration management and the risk management reports to perform risk management and risk supervision duties in accordance with regulations. During the Reporting Period, the Risk Management Committee has totally convened 6 meetings, and reviewed 27 reports including the 2024 Case Risk Prevention and Control Assessment Report of Zhongyuan Bank Co., Ltd. and considered 16 resolutions, including the Resolution on 2024 Comprehensive Risk Analysis Report of Zhongyuan Bank Co., Ltd.

5.5 Nomination and Remuneration Committee

As of the end of the Reporting Period, the Nomination and Remuneration Committee of the Board of Directors consists of 3 Directors, namely Mr. XU Yiguo (an independent non-executive Director), Ms. ZHAO Zijian (an independent non-executive Director) and Mr. PAN Xinmin (an independent non-executive Director). Mr. XU Yiguo is the chairman. The primary duties of the Nomination and Remuneration Committee include the following:

- (I) developing the Bank's remuneration management system and policy and submitting the same to the Board of Directors for consideration;
- (II) developing the assessment criteria for Directors and senior management and submitting the same to the Board of Directors for consideration, conducting the assessment in accordance with the assessment criteria and making suggestions in this respect;
- (III) researching and reviewing the Bank's policy and proposals for the Directors' and senior management's remuneration and the establishment of a formal and transparent procedure for developing remuneration policy, and making recommendations to the Board of Directors in this respect; reviewing and approving the recommendations made by the management regarding remuneration according to the principles and objectives of the Company set by the Board;
- (IV) making recommendations to the Board of Directors on the remuneration packages of individual executive directors and senior management. The remuneration packages should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (V) making recommendations to the Board on the remuneration of non-executive Directors;

Chapter 8 Corporate Governance Report

- (VI) reviewing and approving compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VII) reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (VIII) ensuring that no director or any of his associates (as defined in Hong Kong Listing Rules) is involved in deciding his own remuneration;
- (IX) formulating the mid-and long-term incentive plans and implementation schemes of the Bank;
- (X) evaluating regularly the market competitiveness of the remuneration of the Bank, considering salaries paid by comparable banks, time commitment and responsibilities, and employment conditions elsewhere in the Bank and its subsidiaries, as well as making dynamic adjustment for the remuneration policy of the Bank;
- (XI) reviewing the structure, size, composition and diversification (including the skills, knowledge and experience) of the Board of Directors at least annually, assisting the Board of Directors in maintaining a board skills matrix, and making recommendations on any proposed changes to the Board of Directors to complement the Bank's corporate strategy;
- (XII) reviewing the selection criteria and procedures of directors and senior management personnel (such as the president of the Bank), and making recommendations to the Board of Directors;
- (XIII) seeking extensively for candidates that are qualified to act as directors and senior management personnel (such as the president of the Bank), selecting such nominated personnel to serve as directors or the president of the Bank, and making recommendations to the Board of Directors in this regard;
- (XIV) investigating the candidates for directors and senior management personnel (such as the president of the Bank), and making recommendations;
- (XV) reviewing the proposals submitted by the president in relation to the appointment or dismissal of the senior management members, such as the Bank's vice presidents, assistants to the president and finance officers, and making recommendations to the Board of Directors;
- (XVI) assessing the independence of independent directors;
- (XVII) making recommendations to the Board of Directors on the appointment or re-appointment of directors of the Bank and succession planning for directors, in particular the chairman, and the president of the Bank;
- (XVIII) formulating and when appropriate, reviewing diversification policy of the Board of Directors;
- (XIX) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules;

Chapter 8 Corporate Governance Report

- (XX) supporting the Bank's regular evaluation of the Board of Directors' performance;
- (XXI) other responsibilities that should be discharged by the Nomination and Remuneration Committee of the Board of Directors as required by the Hong Kong Listing Rules;
- (XXII) other powers of the Committee as authorized by the Board of Directors.

During the Reporting Period, the Nomination and Remuneration Committee convened 6 meetings, reviewed 1 report, namely "Work Report of Independent Directors of Zhongyuan Bank Co., Ltd. in 2024", and considered 17 resolutions, including "Resolution on the Report of the Board of Directors on the Performance Evaluation of Directors and Senior Executives of Zhongyuan Bank Co., Ltd. in 2024", "Resolution on the Nomination of Mr. LI Wenqiang as a Non-executive Director of the Third Session of the Board of Zhongyuan Bank Co., Ltd. " and "Resolution on the Nomination of Mr. ZHOU Feng as an Executive Director of the Third Session of the Board of Zhongyuan Bank Co., Ltd."

5.6 The Consumer Rights Protection Committee

As of the end of the Reporting Period, the Consumer Rights Protection Committee of the Board of Directors consists of 3 Directors, being Mr. GAO Pingyang (an independent non-executive Director), Ms. ZHANG Shu (a non-executive Director) and Mr. WANG Maobin (an independent non-executive Director). Mr. GAO Pingyang is the Chairman. The primary duties of the Consumer Rights Protection Committee include the following:

- (I) to formulate the Bank's strategies, policies and objectives of consumer rights protection, to incorporate consumer rights protection into corporate governance and business development strategies; and to guide the senior management to reinforce the construction of a corporate culture enabling consumer rights protection in overall planning;
- (II) to supervise the senior management to effectively carry out and implement the relevant work of protecting consumer rights, regularly listen to special reports from the senior management on the implementation of consumer rights protection in the Bank, and review and approve relevant special reports;
- (III) to supervise and evaluate the Bank's consumer rights protection work regarding its comprehensiveness, timeliness and effectiveness, and the senior management's performance of duties;
- (IV) in accordance with the Bank's overall strategy, to deliberate proposals on consumer rights protection for the consideration of the Board of Directors, and make recommendations to the Board of Directors;
- (V) to provide periodic reports to the Board;
- (VI) other matters as required by laws and regulations, Articles of Association of the Bank, and authorized by the Board of Directors.

During the Reporting Period, the Consumer Rights Protection Committee has convened 5 meetings, reviewed 7 reports, including "Notice from the Henan Office of the National Financial Regulatory Administration on Consumer Complaints of the Banking Industry in 2024", and considered 3 resolutions, including "Resolutions Regarding Report on Consumer Rights Protection Work in 2024 and 2025 Main Points of Work on Consumer Rights Protection of Zhongyuan Bank Co., Ltd."

Chapter 8 Corporate Governance Report

6 Board of Supervisors

6.1 Composition of Board of Supervisors¹

As of the end of the Reporting Period, the Board of Supervisors of the Bank consists of 7 Supervisors, which shall include one employee representative Supervisor, namely Ms. DAN Limin; three shareholder representative Supervisors, namely Ms. WANG Xiaoyan, Mr. YAN Yongfu and Ms. LU Suyue; three external Supervisors, namely Mr. LI Xingzhi, Ms. GU Xiujuan and Ms. LIU Xia.

On November 10, 2025, the Bank convened the 2025 second extraordinary general meeting, at which it considered and approved the resolution on dissolution of the Board of Supervisors of the Bank and abolition of the corporate governance system related to the Board of Supervisors. On January 5, 2026, the Henan Office of the National Financial Regulatory Administration issued the Approval of the Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd. (Yu Jin Fu [2026] No.11) from the Henan Office of the National Financial Regulatory Administration, the amended Articles of Association were approved and took effect. With effect from January 5, 2026, the Bank dissolved the Board of Supervisors, and the members of the Board of Supervisors ceased to serve as Supervisors and hold any related positions on the Board of Supervisors.

¹ Please see the section "Directors, Supervisors, Senior Management, Employees and Institutions" for biographies of supervisors as of the end of the Reporting Period, as well as information on changes of supervisors during the Reporting Period.

Chapter 8 Corporate Governance Report

6.2 Meetings of the Board of Supervisors and Attendance of Supervisors

During the Reporting Period, the Bank has convened eight meetings of the Board of Supervisors in total, at which 46 reports were reviewed and 51 resolutions were considered and approved.

The following are the details of meetings of the Board of Supervisors:

Date of meeting	Session of meeting	Form of meeting
March 28, 2025	The 12th meeting of the third session of the Board of Supervisors	On-site
June 23, 2025	The 13th meeting of the third session of the Board of Supervisors	On-site
July 30, 2025	The 14th meeting of the third session of the Board of Supervisors	Written resolutions
August 28, 2025	The 15th meeting of the third session of the Board of Supervisors	On-site
October 17, 2025	The 16th meeting of the third session of the Board of Supervisors	On-site
November 7, 2025	The 17th meeting of the third session of the Board of Supervisors	On-site
December 4, 2025	The 18th meeting of the third session of the Board of Supervisors	On-site
December 30, 2025	The 19th meeting of the third session of the Board of Supervisors	On-site

The attendance of each Supervisor at the meetings of the Board of Supervisors during the Reporting Period is set out below:

Members of the Board of Supervisors	Required attendance of the meeting	Attendance in person	Attendance by proxy
Mr. ZHANG Ke	1	1	0
Ms. DAN Limin	8	8	0
Ms. WANG Xiaoyan	8	8	0
Mr. YAN Yongfu	8	8	0
Ms. LU Suyue	8	7	1
Mr. LI Xingzhi	8	7	1
Ms. GU Xiujuan	8	7	1
Ms. LIU Xia	8	7	1

Note: Mr. ZHANG Ke resigned as a Supervisor of the Bank on April 17, 2025.

6.3 Attendance at Shareholders' General Meetings during the Reporting Period

During the Reporting Period, the Board of Supervisors of the Bank appointed supervisors to attend the 2024 Annual General Meeting, the 2025 First H Shareholders Class Meeting, the 2025 First Domestic Shareholders Class Meeting, the 2025 First Extraordinary General Meeting, the 2025 Second Extraordinary General Meeting and the 2025 Third Extraordinary General Meeting of the Bank, and supervised the legal compliance of the procedures of meetings and the voting process on-site.

6.4 Attendance at the Meetings of the Board during the Reporting Period

During the Reporting Period, the Board of Supervisors of the Bank appointed supervisors to attend all meetings of the Board of Directors, and supervised legal compliance of the meetings and procedures of voting as well as the attendance, speech and voting of Directors.

Chapter 8 Corporate Governance Report

7 Committees under the Board of Supervisors

7.1 Nomination Committee

As of the end of the Reporting Period, there were a total of 4¹ members in the Nomination Committee of the Board of Supervisors, including Ms. GU Xiujuan, Ms. DAN Limin, Ms. LIU Xia and Ms. WANG Xiaoyan. The chairwoman was acted by Ms. GU Xiujuan, an external Supervisor. During the Reporting Period, the Nomination Committee convened a total of 2 meetings, at which 2024 Debriefings of External Supervisors of Zhongyuan Bank Co., Ltd. was reviewed and 2 proposals including the Proposal on the Program on the Performance Evaluation of Directors, Supervisors and Senior Management by the Board of Supervisors in 2024 of Zhongyuan Bank Co., Ltd. were considered.

7.2 Supervision Committee

As of the end of the Reporting Period, there were a total of 4¹ members in the Supervision Committee of the Board of Supervisors, namely Mr. LI Xingzhi, Ms. DAN Limin, Mr. YAN Yongfu and Ms. LU Suyue. The chairman was acted by Mr. LI Xingzhi, an external Supervisor. During the Reporting Period, the Supervision Committee convened a total of 8 meetings, at which 45 reports including the 2024 Operation Report and 2025 Work Plan of Zhongyuan Bank Co., Ltd. were reviewed and 50 proposals including the Proposal on the 2025 Financial Budget Report of Zhongyuan Bank Co., Ltd. were considered.

1 Mr. ZHANG Ke resigned as a member of the Nomination Committee of the Board of Supervisors on April 17, 2025.

1 *Mr. ZHANG Ke resigned as a member of the Supervision Committee of the Board of Supervisors on April 17, 2025.*

Chapter 8 Corporate Governance Report

8 Senior Management

The senior management, as the executive body of the Bank, shall report to the Board and be supervised by the Audit Committee of the Board. The Bank has one president and several vice presidents and assistants to the president, who are appointed or dismissed by the Board of Directors, and are responsible for implementing the decisions of the Board of Directors and are required to report to the Board of Directors of the Bank. The senior management has the powers as authorized by our Board to manage our daily operations. The division of authority between the senior management and the Board of Directors is carried out in accordance with the corporate governance documents such as the Bank's Articles of Association.

The senior management, with the president as its representative, perform their duties in accordance with the terms of reference as stipulated in the Articles of Association of the Bank; their main duties include managing operating activities of the Bank, managing daily administration, business and financial matters, and reporting regularly to the Board with respect to the operating matters of the Bank.

8.1 Chairman and President

During the Reporting Period, the roles and duties of the chairman and the president of the Bank were taken up by different individuals and there was a clear division between their duties and responsibilities, which complies with the recommendations of the Hong Kong Listing Rules.

As of the end of the Reporting Period, Mr. GUO Hao acted as the secretary of the Party Committee and the chairman of the Board, and took charge of the overall work of the Bank; Mr. ZHOU Feng¹ acted as the deputy secretary of the Party Committee and the president, responsible for the daily operation and management of the Bank.

9 Financial, Business and Family Relationship among Directors, Supervisors and Senior Management

The Directors, Supervisors and senior management of the Bank do not have any relationship, including financial, business, family or other material relations.

¹ On December 31, 2025, the qualification of Mr. ZHOU Feng as the president was approved by the Henan Office of the National Financial Regulatory Administration.

Chapter 8 Corporate Governance Report

10 Training and Research of Directors and Supervisors during the Reporting Period

During the Reporting Period, all Directors (Mr. GUO Hao, Ms. ZHANG Qiuyun¹, Mr. FENG Ruofan, Mr. LI Wenqiang², Ms. ZHANG Shu, Mr. XU Yiguo, Ms. ZHAO Zijian, Mr. WANG Maobin, Mr. PAN Xinmin and Mr. GAO Pingyang) and Supervisors of the Bank participated in comprehensive training on the establishment of a holistic risk management system, as well as on the key responsibilities of Directors, Supervisors and senior management under the new Anti-Money Laundering Law. The participants developed a thorough understanding of the historical evolution and current landscape of holistic risk management within commercial banks, together with the characteristics and improvement directions of modern risk management. They also gained a comprehensive knowledge of the roles and functions of Directors and Supervisors in commercial banks' anti-money laundering work. An external auditor quality assessment was conducted by the Audit Committee of the Board of Directors, and auditors were urged to carry out their work in full compliance with requirements. A special report on risk management was received, providing a comprehensive overview of the Bank's risk management framework and the operating conditions of county banks. Targeted on-site research was undertaken in key areas such as county-level finance and distinctive industry development, offering recommendations on financial deployment in counties and on differentiated business strategies. During the Reporting Period, newly appointed Directors participated in training related to their initial appointment, encompassing Directors' responsibilities at listed companies, the regulatory framework and basic principles for information disclosure by listed company, the supervisory philosophies and latest regulatory developments of Hong Kong regulatory authorities, as well as other topics pertinent to corporate governance and management.

During the Reporting Period, the training of the Bank's Directors and Supervisors was in full compliance with the requirements of regulatory authorities and Rule 3.09F of the Hong Kong Listing Rules.

11 Company Secretary under the Hong Kong Listing Rules

The Bank appointed Ms. CHAN Yin Wah, associate director of SWCS Corporate Services Group (Hong Kong) Limited, to act as the company secretary of the Bank. Ms. CHAN Yin Wah has been in compliance with Rule 3.29 of the Hong Kong Listing Rules that she received at least 15 hours of relevant professional training during the Reporting Period. The primary contact person of Ms. CHAN Yin Wah in the Bank is Mr. PAN Wenyao, the secretary to the Board of the Bank.

- ¹ Ms. ZHANG Qiuyun resigned from her position as non-executive Director of the Bank due to change in her job, with effect from April 17, 2025.
- ² The directorship qualification of Mr. LI Wenqiang was approved by the National Financial Regulatory Administration Henan Office on December 8, 2025.

Chapter 8 Corporate Governance Report

12 Communication with Shareholders

12.1 Investors Relationship

The Bank attaches importance to communication with Shareholders, for which to meet their demand, it has formulated Measures on Management of Investors Relationship of Zhongyuan Bank Co., Ltd., and seeks to improve mutual understanding and enhance communication with Shareholders through various channels including shareholders' general meeting, roadshows, press conference, official website, e-mail and telephone.

For enquiries to the Board, investors may contact: The Office of Board of Directors of Zhongyuan Bank Co., Ltd.

Address: No. 9 Waihuan Road, Financial Island, Zhengdong New District, Zhengzhou, Henan Province, the PRC

Telephone No.: (86) 0371-85517898

Fax No.: (86) 0371-85519888

E-mail: dongshihui@zybank.com.cn

12.2 Information Disclosure

The Board of Directors and senior management place great importance on information disclosure. They rely on good corporate governance and internal controls to ensure investors obtain information in a timely and accurate manner.

In accordance with the requirements of the Hong Kong Listing Rules, Measures for the Information Disclosure of Commercial Banks and Measures for the Information Disclosure Management of Zhongyuan Bank Co., Ltd., the Bank continuously improved the timeliness, accuracy and completeness of the information to be disclosed. During the Reporting Period, the full version of the relevant reports is available for download on the website of the Bank. Meanwhile, the annual reports and interim reports are available for review by the investors and stakeholders in the office of Board of Directors and principal business place of the Bank.

Chapter 8 Corporate Governance Report

12.3 Shareholders' Rights and Communication Policy

Procedure for Shareholders to Convene Extraordinary General Meeting

The Bank strictly complies with the applicable laws and regulations, the Hong Kong Listing Rules, the Articles of Association of the Bank and the corporate governance system, for practically safeguarding the rights of the Shareholders. Pursuant to the requirements under the Articles of Association of the Bank and the rules of procedures of the shareholders' general meeting: the shareholders' general meeting shall be convened by the Board of Directors in accordance with the provisions of the Articles. If the Board of Directors is unable or fails to perform its duty in convening a shareholders' general meeting, the Audit Committee of the Board of Directors shall promptly convene the meeting. If the Audit Committee of the Board of Directors does not convene the meeting, the shareholders who individually or jointly hold above 10% in total of the Bank's voting shares for above ninety (90) consecutive days may convene such a meeting on their own initiative. The Requesting Shareholders shall have the right to request the Board of Directors to convene Shareholders' General Meetings and shall propose their motions to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, make a written response as to whether or not it agrees to convene the Shareholders' General Meetings within ten (10) days of receiving the proposal. If the Board of Directors agrees to convene Shareholders' General Meetings, a notice convening such meetings shall be issued within five (5) days after the resolution of the Board of Directors is passed. If the original request contained in the notice is changed, approval of the relevant shareholders shall be sought. If the Board of Directors does not agree to convene the Shareholders' General Meetings, or fails to give its response within ten (10) days of receiving the proposal, Requesting Shareholders shall have the right to propose to the Audit Committee of the Board of Directors to convene the Shareholders' General Meetings and this proposal shall be made to the Audit Committee of the Board of Directors in writing. If the Audit Committee of the Board of Directors agrees to convene the Shareholders' General Meetings, a notice for convening such meetings shall be issued within five (5) days of receiving the proposal. If the original request contained in the notice is changed, approval of the relevant Shareholders shall be sought. If the Audit Committee of the Board of Directors fails to give the notice of Shareholders' General Meetings within the specified time limit, it shall be deemed to have failed to convene or preside over the Shareholders' General Meetings, and Convening Shareholders shall have the right to convene and preside over such meetings by themselves.

Shareholders may refer to the Articles of Association of the Bank published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

Procedure of Proposing a Resolution at the Shareholders' General Meeting

Shareholders individually or in aggregate holding 3% or more of the Bank's voting shares may propose an interim proposal and submit it to the convener in written form ten days before the general meeting. The convener shall review such proposal, issue a supplemental notice of the shareholders' general meeting and announce the proposal if it satisfies the provisions as specified in the Articles of Association of the Bank within two days after receiving the proposal. If the Hong Kong Listing Rules specify otherwise, the procedures of submitting a proposal to the shareholders' general meeting shall follow such provisions. Except as provided in the precedent paragraph, the convener shall not alter the proposals in the notice of the shareholders' general meeting or add new proposals after the issuance of the notice of the shareholders' general meeting. Shareholders may refer to the Articles of Association of the Bank published on the websites of the Hong Kong Stock Exchange and the Bank for further details.

Chapter 8 Corporate Governance Report

Raise Enquiries to the Board of Directors

Shareholders have the right to supervise the operation of the Bank, and to make suggestions or enquiries. Shareholders are entitled to access relevant information in accordance with the laws, administrative regulations, departmental rules, regulatory documents, relevant provisions stipulated by the securities regulatory authorities in the locality where the Bank's shares are listed and the requirements of the Articles of Association of the Bank, including audited accounting reports, personal information of the Directors, President and other senior management personnel, share capital of the Bank, etc. Where a Shareholder requests to inspect and read the relevant information, this Shareholder shall provide the Bank with written documents evidencing the class and number of shares of the Bank they hold, and the Bank shall provide such documentation as required by the Shareholders upon verification of their identities.

The Bank attached great importance to the opinions and recommendations of Shareholders, and opened channels for communication with Shareholders, so as to meet their reasonable needs in a timely manner. At the same time, the Bank published its announcement, financial data and other relevant data through the website www.zybank.com.cn. As a channel to promote effective communication with Shareholders, there is available email, special telephone lines for investors and direct letter boxes for Shareholders who have any enquiries to contact the Bank's office address, and the Bank will process the relevant enquiries in a timely and appropriate manner. Please refer to "12.1 Investors Relationship" for the detailed contact information above.

During the Reporting Period, the Bank has reviewed the implementation and effectiveness of the above Shareholder communication policy and considers it effective.

13 External Auditors and Auditor's Remuneration

The Bank engaged Baker Tilly Hong Kong Limited and Baker Tilly China Certified Public Accountants to act as its international auditor and domestic auditor for the year 2025, respectively, at the 2024 annual general meeting convened by the Bank on June 30, 2025, to carry out auditing in accordance with the Hong Kong Standards on Auditing and China Standards on Auditing for Certified Public Accountants.

In 2025, the remuneration for audit services and non-audit services agreed to be paid by the Bank to Baker Tilly Hong Kong Limited and Baker Tilly China Certified Public Accountants was RMB3,180,000 and RMB2,000,000, respectively. Non-audit service is the review of interim financial statements (RMB1,700,000) and the agreed-upon procedure of the quarterly financial statements (RMB300,000).

The Board and the Audit Committee under the Board reached consensus on the selection and appointment of the external auditors of the Bank without any disagreement.

KPMG Huazhen LLP and KPMG retired in 2024 after reaching the maximum period of eight consecutive years of engagement. Save as disclosed above, the auditors of the Bank have not changed in the past three years.

Chapter 8 Corporate Governance Report

14 Amendments to the Articles of Association

On March 28, 2025, the Bank convened the thirteenth meeting of the third session of the Board of Directors, at which the Resolution on Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd. was considered and approved, and then submitted to the Bank's 2024 annual general meeting, the first H Share class meeting of 2025 and the first domestic Share class meeting of 2025 for consideration. On June 30, 2025, the general meeting approved the aforementioned amendments.

Due to the change in the domicile of the Bank's headquarters, on July 30, 2025, the Bank convened the seventeenth meeting of the third session of the Board of Directors, at which the Resolution on the Amendments to Articles of Association of Zhongyuan Bank Co., Ltd. was considered and approved, and submitted to the Bank's 2025 first extraordinary general meeting for consideration. On August 20, 2025, the general meeting approved the aforementioned amendments. On September 16, 2025, the National Financial Regulatory Administration Henan Office approved the change of domicile of the Bank. Accordingly, the Bank amended the relevant provisions of its Articles of Association and completed the industrial and commercial change (filing) registration and other procedures for change of domicile and amendments to the Articles of Association of the Bank on October 10, 2025.

On August 28, 2025, the Bank convened the eighteenth meeting of the third session of the Board of Directors, at which the Resolution on Amendments to the Articles of Association of Zhongyuan Bank Co., Ltd. was considered and approved, and subsequently submitted to the Bank's 2025 second extraordinary general meeting for consideration. On November 10, 2025, the shareholders' general meeting approved the aforementioned amendments.

On January 8, 2026, the Bank received approval from the National Financial Regulatory Administration Henan Office for the amendments to the Articles of Association, as considered and approved at the Bank's 2024 annual general meeting, the first H Share class meeting of 2025, the first domestic Share class meeting of 2025 and the 2025 second extraordinary general meeting. The Bank's revised Articles of Association were published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Bank's official website (www.zybank.com.cn) on January 8, 2026.

15 Risk Management and Internal Control

The Board of Directors is responsible for making the risk management and internal control policies and bears the ultimate responsibility for overall risk management. Taking into account that the purpose of the internal control system monitoring is to manage rather than eliminate the risk of failure to achieve business objectives, the Board of Directors can only reasonably, but not absolutely, guarantee that the above systems and internal controls will protect against any material misrepresentation or loss. The Board shall guarantee a review of internal control and risk management system at least once a year. The Bank evaluated the overall risk situation on a quarterly basis and the quality of internal control on an annual basis.

During the Reporting Period, the Board of Directors has reviewed the risk management and internal control policies of the Bank as well as the implementation and effectiveness of such policies and considers them effective. The Board of Directors has also obtained confirmation from the management on the effectiveness of the Bank's risk management. During the review, the Board did not identify any significant concerns. During the Reporting Period, the Bank did not make any changes to its risk management and internal control policies.

Chapter 8 Corporate Governance Report

15.1 Risk Management

In accordance with the requirements of laws and regulations such as the Commercial Banking Law of the PRC (《中華人民共和國商業銀行法》) and Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》), the Bank established a standardized corporate governance structure and defined the scope of rights, division of responsibilities and rules of procedure for the Standing Committee of the Party Committee and the shareholders' general meeting, the Board of Directors and the senior management.

Based on the Administrative Measures for the Capital of Commercial Banks and its schedules, risks and relevant terminology defined by the Basel Committee, practice of the domestic and overseas peers as well as its own actual situation, the Bank identifies various overall quantitative and non-quantitative risks which may arise from the interaction between business strategies, product portfolios, client demands and the external macroeconomic environment. Taking into account the capital occupancy based on risk types, risks of banks determined by regulators and capital regulatory requirements, the Bank collects and publishes risk warnings, draws up risk event examples, identifies, collects and assesses risk events and then determines material risks for the purpose of identifying its material risks, such as credit risk, market risk, operational risk, liquidity risk, interest risk in bank accounts, compliance risk, legal risk and reputational risk, and subsequently making assessment and analysis as well as monitoring, reporting, controlling and releasing the risks faced by the Bank with risk measurement approaches and techniques.

15.2 Internal Control

Based on the principles of full coverage, checks and balances, prudence and compatibility, the Bank has established a relatively scientific and standardized internal control system in accordance with relevant laws and regulations, such as the Commercial Banking Law of the PRC (《中華人民共和國商業銀行法》) and the Internal Control Guidelines for Commercial Banks (《商業銀行內部控制指引》), and the relevant requirements of the Hong Kong Stock Exchange, aiming to ensure consistent compliance with relevant laws, regulations and rules of the PRC, the application of the Bank's development strategies and the accomplishment of its operating objectives, the accuracy and completeness of the Bank's financial information and other management information, and the effectiveness of the risk management of the Bank. The Bank continues to implement and optimize the defense mechanism comprising three lines for internal control. The first line of defense for internal control consists of various branches and operating units, which are the first person responsible for risks and control, and have to undertake self-risk control functions in the course of their business operation, including the formulation and implementation of policies, the business examination, the reporting of control deficiencies and the implementation of rectification measures. The second line of defense for internal control consists of the internal control and risk management departments at all levels, which are responsible for the overall planning, organizing and implementing, and examining and assessing of risk management and internal control. The third line of defense for internal control consists of the audit department, which is responsible for the functions, including performing internal audit on the adequacy and effectiveness of internal control and risk management.

Chapter 8 Corporate Governance Report

The Bank continues to promote the culture building of internal control compliance and actively organizes compliance training courses and publicity activities for all of its staff, with a view to refining its long-term policy on compliance education, and further enhancing the effectiveness of its internal control through continuously organizing case warning and education activities, and special trainings on compliance and campaigns at different levels throughout the Bank.

15.3 Internal Auditing

During the Reporting Period, the Bank's internal audit function, under the leadership of the Board of Directors and its Audit Committee, remained anchored to the central themes of "risk orientation, technological empowerment and value creation". By adopting a systematic approach to elevate practical implementation and activating governance effectiveness through collaboration, the function fully aligned with policy direction and the Bank's strategic deployment, thereby establishing a robust supervisory safeguard for high-quality development.

Constructing the audit framework based on systematic thinking. The Bank upheld alignment between compliance fundamentals and strategic direction, establishing an audit logic framework that spans all aspects of governance, risk and control, rigorously adhering to the latest regulatory requirements, and continuously enhancing our independent and vertical management structure. By combining professional expertise with collaborative empowerment, the Bank innovated work models, deepened multi-party coordination, promoted the efficient integration of supervisory resources, and achieved an evolution from isolated supervision to systematic governance.

Empowering high-quality development with strategic perspective. The Bank remained focused on high-quality development as our core objective, concentrating on key business domains and regulatory focus areas, conducting forward-looking and comprehensive audit supervision, and supporting the effective implementation of the Bank's strategic initiatives. With governance optimization as the central objective, the Bank strengthened full-process supervision over key processes and the operation of authority, propelling the audit function from risk prevention and control to value empowerment and thereby providing precise support for business decision-making.

Chapter 8 Corporate Governance Report

Driving innovation in audit models through the technological empowerment. With digital transformation as the principal pathway, the Bank promoted the deep integration of technology and audit operations, reconstructing audit processes and analytical logic, continually expanding the reach of audit, and progressively advancing from manpower-intensive methods to intelligent audit operations.

Enhancing overall governance efficacy through closed-loop management. The Bank established a full-process mechanism for transforming audit outcomes, ensuring audit findings are accurately translated into concrete measures for institutional improvement and process optimization, thereby reinforcing the guiding role of audit in business management. The Bank also enhanced the assessment linkage mechanism, reinforced rectification responsibilities, fully leveraged the core value of “promoting management and governance through audit”, and continuously advanced the iterative upgrading of the Bank’s governance capabilities.

15.4 Anti-money Laundering

During the Reporting Period, the Bank strictly complied with the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》) and other applicable laws and regulations promulgated by institutions, including the People’s Bank of China, National Financial Regulatory Administration. The Bank consistently adhered to the “risk-based” working idea for anti-money laundering, established a comprehensive mechanism of anti-money laundering work, improved internal control systems, continuously optimized the supervision and reporting systems of anti-money laundering, proactively carried out the publicity and training for anti-money laundering and effectively performed all anti-money laundering obligations as required by the law.

By establishing new supervision and reporting systems of anti-money laundering, the Bank effectively enhanced the operational efficiency of the anti-money laundering system and the level of big data intelligent monitoring, thereby significantly improving the accuracy of suspicious activity monitoring and customer risk assessment. The Bank continued to promote customer information governance, focusing on key tasks such as customer due diligence and suspicious identification, thereby consolidating the basic work of anti-money laundering. The Bank carried out various anti-money laundering on-site inspections and money laundering risk investigations. In view of the problems found in inspection, the Bank timely carried out root rectification by improving the system, optimizing the system and process, etc., thus improving the ability to manage and control money laundering risks. In terms of team building, the Bank carried out multi-level training, covering leaders at all levels of the Bank and anti-money laundering staff, comprehensively improving professional competence in performing anti-money laundering work. The Bank actively fulfilled its social responsibilities, regularly carrying out anti-money laundering publicity work to facilitate the enhancement of the public awareness of anti-money laundering and foster a good anti-money laundering social environment.

Chapter 8 Corporate Governance Report

15.5 Anti-Corruption

The Bank fully comprehends and promotes the contemporary connotation and practical orientation of “daring not to corrupt, being unable to corrupt, and having no desire to corrupt” in a holistic manner, and tightly grasps the practical path of simultaneous, homogeneous, and comprehensive efforts to constantly deepen strict party governance, adhere to strict governance and strengthen comprehensive supervision.

By deepening the systematic governance of special initiatives, the Bank has made continuous efforts in “daring not to corrupt”. Special rectification is regarded as a key measure to purify the political environment and promote a transformation in work style, with focused inspections conducted on the thorough implementation of study and education regarding the spirit of the eight requirements of the central government, as well as a review of adherence to Party discipline. A dedicated initiative was organized to address violations of hospitality within government departments, leveraging targeted issue resolution to strengthen the development of work style in greater depth. Concentrated rectification and supervisory inspections on corruption in key areas were undertaken, fostering further progress in comprehensive and rigorous governance over the Party and the Bank.

By improving the mechanism of operation and restriction of power, the Bank has deepened and broadened in “being unable to corrupt”. The Bank has formulated the Work Plan of Zhongyuan Bank on Promoting Reform with Cases (《中原銀行深化以案促改工作方案》), identifying and advancing corrective measures in five key areas: the weakening and superficialization of Party leadership, lax and ineffective governance over the Party and the Bank, prominent issues of new and covert forms of corruption, disorder in institutional frameworks and failure of internal controls, and inadequate efforts to prevent and resolve financial risks. The Bank has incorporated the theme of promoting reform with case into democratic life meetings, conducted comparative inspections focused on specific cases, conducted in-depth analyses of the root causes of identified issues, and established a closed-loop remedial mechanism encompassing “case investigation – warning education – special rectification – institutional improvement – conduct correction”, thereby effectively enhancing the quality and efficacy of corrective measures. The Bank has strengthened the governance of integrity risks at source, innovated by establishing mechanisms for integrity review of key institutional areas, eliminated potential integrity risks from the outset, curtailed opportunities for rent-seeking, and realized a shift in emphasis from “post-event punishment” to “pre-event prevention and in-process control”.

Chapter 8 Corporate Governance Report

By building up a sound culture of integrity and corruption rejection, the Bank has consolidated and upgraded in “having no desire to corrupt”. The Bank has organized a bank-wide warning and educational conference, conducted collective integrity interviews with newly appointed leaders and key personnel, and enhanced both the relevance and deterrent impact of educational initiatives. The Bank integrates integrity education with optimizing the organizational political ecosystem and stimulating the sense of responsibility among Party members and cadres, and abandons the traditional education model of “one-size-fits-all” and “large-scale lectures”. Warning education is conducted in a tiered and categorized manner, tailored to the specific positions and risk profiles of Party members and cadres within the organization. The Bank has compiled and published the Series of Typical Cases of Violations of the Spirit of the Eight Requirements of the Central Government (《違反中央八項規定精神典型案例系列》) integrity education handbook, and has produced and promoted integrity-themed Party lectures, including Strict Observance of Party’s Integrity Discipline and Holding the Line of Defense Against Corruption (《嚴明黨的廉潔紀律，守住拒腐防變防線》). The Bank ensures the effective performance of duties by branch discipline inspection commissioners, enhances their capabilities at grassroots level, and establishes a supervision network that is both comprehensive and far-reaching. Supervision is extended to the grassroots, activating the “nerve endings” of oversight at the local level.

16 Management of Inside Information

The Board of the Bank is responsible for disclosing information of the Bank, which includes enacting standard procedures and methods in relation thereto and reviewing information to be disclosed, and it also assumes liabilities for the truth, accuracy and completeness of the information disclosed. The information disclosure of the Bank is subject to the supervision of regulators and the Audit Committee of the Board of the Bank. Chairman of the Board is the primary person responsible for implementing the management measures for information disclosure, while the Secretary of the Board is in charge of its execution and the Board Office deals with the daily work thereof.

To ensure confidentiality of the Bank’s inside information, safeguard the fairness in information disclosure and protect the legal rights of investors, the Bank enacted the Measures for Information Disclosure Management in Zhongyuan Bank Co., Ltd. (《中原銀行股份有限公司信息披露辦法》) based on domestic and overseas laws, regulations and other normative documents such as the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), Measures for Information Disclosure of Commercial Banks (《商業銀行信息披露管理辦法》) and the Hong Kong Listing Rules and other regulatory documents. The Bank makes information disclosure and manages inside information in strict compliance with the regulatory requirements and specifies the principles, contents, management and procedures for information disclosure in the Measures for Information Disclosure Management in Zhongyuan Bank Co., Ltd., which also provides for the coverage, insider limits and the security management of inside information as well as punishment for divulging inside information, etc. When relevant events or circumstances arise, the Bank would quickly assess the possible impact on the stock price and consciously decide whether the events or circumstances are inside information that should be disclosed and conduct the relevant disclosure accordingly. During the Reporting Period, the Bank not only stringently complied with the regulatory requirements of domestic and overseas regulators, but also intensified its management rules and enhanced the security measures of its inside information as well as disclosed relevant information timely according to requirements.

Chapter 8 Corporate Governance Report

17 Dividend Policy

Article 208 and Article 211 of the Articles of Association of the Bank specify the requirements for profit distribution:

The Bank may make profit distribution if it has distributable profits for each year after making up for the losses, contributing to the statutory reserve, general reserve and paying dividends to the preference shareholders in accordance with the laws provided that the capital adequacy ratio of the Bank meets regulatory requirements. Where the accumulated amount of the statutory reserve fund of the Bank comes to more than 50% of the registered capital of the Bank, it is no longer necessary to set aside the statutory reserve fund. After setting aside the statutory reserve fund and general reserve, and paying dividends on preference shares, whether to set aside the discretionary reserve funds shall be determined by the shareholders' general meeting. The Bank shall not distribute profits to Shareholders before making up for the losses of the Bank and setting aside the statutory reserve funds and general reserves. The Bank may distribute dividend in the form of cash or share. The profit distribution of the Bank attaches the emphasis on the reasonable return on the investment of investors. The Bank may distribute dividend in the form of cash or share, distribution of dividends in form of stock shall be approved by the shareholders' general meeting and subject to approval by the banking regulatory authority of the State Council.

Chapter 9 Report of the Board of Directors

1 Principal Business

The Bank is primarily engaged in banking and related financial services, including corporate banking, retail banking, treasury operation and other businesses in the PRC.

2 Business Review

2.1 Business Review of the Bank

The business review of the Bank during the Reporting Period is set out in “Management Discussion and Analysis – 9. Business Review”.

2.2 Results

The results of the Bank for the year ended December 31, 2025 and the financial position of the Group as at that date are set out in the financial statements and notes section of this annual report.

3 Dividends

3.1 Distribution Plan

Due to the need for further review of the 2025 profit distribution plan, the Board of Directors of the Bank has decided to postpone the review of the proposal for the 2025 profit distribution plan. The Bank expects to hold another Board meeting before May 31, 2026, to review the proposal for the 2025 profit distribution plan, which will be proposed at the 2025 shareholders' general meeting for approval after being approved by the Board of Directors.

The Bank will announce details of the 2025 profit distribution plan and relevant arrangements for convening the 2025 shareholders' general meeting in due course.

The Bank was not aware of any circumstances that any arrangements of waiver or agreed waiver of any dividends have been entered into by Shareholders.

Chapter 9 Report of the Board of Directors

3.2 Tax on Dividends

In accordance with the applicable provisions and implementation regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), the Bank is required to withhold enterprise income tax at a rate of 10% for non-resident enterprise holders of H shares (including H shares registered in the name of HKSCC Nominees Limited).

In accordance with the applicable provisions and implementation regulations of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Notice of the State Administration of Taxation on Issues Concerning Taxation and Administration of Individual Income Tax after the Repeal of the Document Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348), the Bank is required to withhold individual income tax for holders of H shares.

For individual H Shareholders who are residents of Hong Kong or Macau or residents of other countries/regions that have entered into a tax treaty with the PRC with dividend tax rates at 10%, the Bank is required to withhold individual income tax on the final dividends paid at a rate of 10% for such H Shareholders.

For individual H Shareholders who are residents of countries/regions that have entered into a tax treaty with the PRC with dividend tax rates lower than 10%, the Bank is required to withhold individual income tax at a temporary rate of 10% on the final dividends paid for such holders of H shares. If such holders of H shares intend to apply for refund of surplus tax deductions, the Bank will handle on their behalf the application for the entitlement to relevant tax treaty in accordance with the Taxation Notice. Eligible holders of H Shares are required to submit a written power of attorney and all application materials in a timely manner; upon review by the competent tax authorities and if approved, the Bank will assist in the refund of surplus tax deductions.

For individual H Shareholders who are residents of countries/regions that have entered into a tax treaty with the PRC with dividend tax rates more than 10% but lower than 20%, the Bank is required to withhold individual income tax on the final dividends paid at an applicable rate as required under relevant tax treaty.

For individual H Shareholders who are residents of countries/regions that have entered into a tax treaty with the PRC with dividend tax rates at 20%, or who are residents of countries/regions that have not entered into any tax treaty with the PRC or otherwise, the Bank will withhold individual income tax at a rate of 20%.

Chapter 9 Report of the Board of Directors

4 Exposure to Major Risks

Please refer to “Management Discussion and Analysis – 10. Risk Management” for the major risks the Bank had been exposed to during the Reporting Period.

5 Future Development

A review of certain aspects affecting the future development of the Bank is set out in “Management Discussion and Analysis – 11. OPERATING STRATEGIES AND PROSPECTS FOR DEVELOPMENT” in this annual report.

6 Relationship between the Bank and its Major Employees, Customers and Suppliers

The Bank has been promoting a market-oriented human resources system and has continually strengthened its incentive assessments, comprehensive training, and other complementary mechanisms, and has adopted a distinctive training system that could serve different needs of various groups of employees, which is characterized by a multiple-level training structure. As a result, it managed to cultivate a highly qualified, aggressive and efficient workforce. The Bank also believes the career planning of employees to be of great importance and has developed a clear career development path for different roles, which is believed could further encourage its employees to endeavor to maximize his or her value.

The Bank’s labor union represents the interests of the employees and works closely with its management on labor-related issues. During the Reporting Period, the Bank has not experienced any material labor disputes that have affected its operation and the Bank believes that the relationship between its management and the labor union has been satisfactory.

The Bank has established long-term favorable cooperative relationships with a number of quality enterprises.

Due to its business nature, the Bank did not have any major suppliers.

7 Major Depositors and Borrowers

As of the end of the Reporting Period, the balance of the Bank’s loans to any single borrower did not exceed 10% of the Bank’s net capital. The interest income from the five largest customers of the Bank did not exceed 30% of the Bank’s total interest income. None of the Directors of the Bank and their close associates or any Shareholder which to the knowledge of the Directors owned more than 5% of the number of issued Shares of the Bank had any interest in the above five largest customers.

Chapter 9 Report of the Board of Directors

8 Share Capital

For details of the Bank's share capital, please refer to "Changes in Share Capital and Information on Shareholders" in Chapter 6.

9 Pre-emptive Rights

During the Reporting Period, pursuant to the Articles of Association of the Bank and the relevant laws, the Bank did not stipulate any requirements for granting the pre-emptive right to Shareholders.

10 Substantial Shareholders

Details of the Bank's substantial Shareholders as at the end of the Reporting Period are set out in "Changes in Share Capital and Information on Shareholders" in Chapter 6.

11 Use of Proceeds

For details of issuance and listing of the Shares conducted by the Bank during the Reporting Period and use of proceeds of the Bank, please refer to the section headed "Important Events".

12 Property and Equipment

Details of the changes in property and equipment of the Bank for the year ended December 31, 2025 are set out in Note 24 to the financial statements in this annual report.

13 Changes in the Reserves

For the year ended December 31, 2025, the details of changes in the reserves of the Bank are set out in the consolidated statement of changes in equity in the financial statements of the Bank.

14 Purchase, Sale or Redemption of the Listed Securities of the Bank

During the Reporting Period, the Bank or any of its subsidiaries have not purchased, sold or redeemed any listed securities of the Bank (including the sale of treasury shares (as defined in the Hong Kong Listing Rules)).

As of the end of the Reporting Period, the Bank did not hold treasury shares (as defined in the Hong Kong Listing Rules).

Chapter 9 Report of the Board of Directors

15 Retirement Benefits

Please refer to Note 35(a) to the financial statements in this annual report for details of the retirement benefits provided to employees of the Bank.

16 Connected Transactions and Related Party Transactions

In the ordinary and usual course of business, the Bank provides commercial banking services and products to the public in China, including certain connected persons of the Bank such as Shareholders, Directors, Supervisors, President and/or their respective associates. Pursuant to the Hong Kong Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of business of the Bank, shall be exempt from reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Bank has reviewed all its connected transactions and acknowledged that it had complied with the requirements under Chapter 14A of the Hong Kong Listing Rules.

The details of the related party transactions conducted by the Bank in the ordinary and usual course of business during the Reporting Period are set out in Note 43 to the financial statements. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under International Accounting Standard, and its interpretations by the International Accounting Standards Board. Certain related party transactions set out in the notes to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Hong Kong Listing Rules, but none of them constitutes any disclosable connected transaction as defined under the Hong Kong Listing Rules.

17 Interests of Directors and Supervisors in Business in Competition with the Bank

As of the end of the Reporting Period, none of the Directors or Supervisors of the Bank holds any interest in any business which competes or is likely to compete, whether directly or indirectly, with that of the Bank.

18 Directors

Please see the section "Directors, Supervisors, Senior Management, Employees and Institutions" for biographies of the current directors, as well as information on changes of Directors during the Reporting Period.

19 Directors' and Supervisors' Service Contracts

During the Reporting Period, the Directors and Supervisors of the Bank did not have service contracts which are not determinable by the Bank within one year without payment of compensation (other than statutory compensation).

Chapter 9 Report of the Board of Directors

20 Permitted Indemnity Provisions

Pursuant to C.1.7 of Part 2 of the Code Provision, the Bank should purchase appropriate insurance covering potential legal proceedings against the Directors of the Bank. In order to comply with the Code Provision, the Bank has purchased appropriate liability insurance for the Directors and to provide indemnity for their liabilities incurred during the operations of the Bank for the year of 2025.

Save as disclosed above, at no time during the Reporting Period and as of the date of this annual report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors or Supervisors (whether made by the Bank or otherwise) or the Directors or Supervisors of an associated corporation of the Bank (if made by the Bank).

21 Directors' and Supervisors' Material Interests in Transactions, Arrangements or Contracts

During the Reporting Period, the Bank or its subsidiaries did not enter into any transaction, arrangement or contract of significance in which the Directors or Supervisors (or entities connected with the Directors or Supervisors) directly or indirectly were materially interested.

22 Arrangements to Purchase Shares or Debentures

At no time during the Reporting Period, the Bank was a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

23 Management Contracts

Save for the service contracts entered into with the management of the Bank, the Bank has not entered into any other contract with any individual, company or body corporate in relation to the management or administration of the whole or any substantial part of any business of the Bank.

24 Directors', Supervisors' and Chief Executive's Interest in Shares of the Bank

As of the Reporting Period, the Directors, Supervisors and the chief executive of the Bank and their associates had interests and short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code. As of December 31, 2025, none of the Directors, Supervisors and the chief executive of the Bank and their associates had interests and short positions in the Shares, underlying Shares and debentures of the Bank or its associated corporations.

Chapter 9 Report of the Board of Directors

25 Corporate Governance

The Bank is committed to maintaining high standards in corporate governance. For details, please refer to the “Corporate Governance Report” in this annual report.

26 Public Float

Based on the information available to the Bank in the public and so far as our Directors are concerned, as of the date of this annual report, the Bank had maintained sufficient public float in compliance with the minimum requirement of the Hong Kong Listing Rules and the exemption granted by the Hong Kong Stock Exchange upon the Bank’s listing.

27 Auditors

Please refer to the section “Corporate Governance Report – 13. External Auditors and Auditor’s Remuneration” for the information on the auditors of the Bank.

28 Equity Linked Agreement

In order to actively implement the government’s special debt policy of RMB8.0 billion, and enhance the Bank’s capital strength and risk resistance level, the Bank carried out the convertible negotiated deposit business to replenish its other tier-one capital and entered into convertible negotiated deposit agreement (the “Agreement”) with Zhengzhou Finance Bureau, an authority designated by the Finance Department of Henan Province.

The main contents of the Agreement are summarized as below:

- (1) after the Finance Department of Henan Province or its designated authorities collect the proceeds from issuance of the government’s special bonds, the Financial Department of Henan Province or its designated authorities will open a special account in the Bank for the convertible negotiated deposit for the purpose of receiving such funds;
- (2) with the consent of the Finance Department of Henan Province, when the core tier-one capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by the Stock Exchange, the Finance Department of Henan Province or its designated authorities shall convert the convertible negotiated deposit into ordinary Shares of the Bank in accordance with laws and regulations as well as the Agreement;
- (3) if the conversion conditions are not fully satisfied, the Bank shall repay the principal and interest upon the maturity of the convertible negotiated deposit in accordance with the Agreement; and

Chapter 9 Report of the Board of Directors

- (4) during the term of the convertible negotiated deposit, the Bank shall report the changes in the core tier-one capital adequacy ratio of the previous quarter to the Finance Department of Henan Province or its designated authorities by the 20th day of the first month of each quarter. When the core tier-one capital adequacy ratio of the Bank drops to 7.5%, prewarning is triggered and the Bank shall promptly inform the Finance Department of Henan Province or its designated authorities of the situation, formulate emergency plans, and actively take appropriate measures to improve the ability of the Bank to resist risks and avoid the occurrence of triggering events. The term of the Agreement starts from the convertible negotiated deposit having been fully deposited into the Bank to the earlier of (i) the date of completion of the conversion of convertible negotiated deposit, or (ii) the expiry date of 10 years from the issuance date of the special bonds.

If the share conversion is triggered by relevant conditions, the Zhengzhou Finance Bureau will enter into a “Capital Injection Agreement” with the Bank and agree on the share conversion price.

The convertible negotiated deposit can be converted to a maximum of 8,000,000,000 H Shares of the Bank (taking up approximately 17.96% of the enlarged total share capital of the Bank), with a par value of RMB1.00 per Share, provided that the conditions for conversion are satisfied. Based on that and the conversion price of RMB1.00 per Share, the conversion will not result in a theoretical dilution effect. The Bank has complied with the theoretical dilution effect requirement in accordance with Rule 7.27B of the Listing Rules at the time of entering into the Agreement, and will ensure to comply with the theoretical dilution effect requirement in accordance with Rule 7.27B of the Listing Rules at the time of completion of the convertible negotiated deposit.

As of the date of this annual report, the conditions for conversion set out in the Agreement have not been met, and the Bank has not issued any shares in accordance with the Agreement. For details about the replenishment of other tier-one capital through the convertible negotiated deposit business, please refer to the circular of the Bank dated October 5, 2022 and announcement dated February 6, 2023.

Except for the above, during the Reporting Period, the Bank did not enter into or continue any other equity linked agreements.

29 Bond Issuance

On September 19, 2024, the Bank issued the 2024 special financial bonds for loans to micro and small enterprises in the national inter-bank bond market, with an issuance size of RMB5.0 billion, and a coupon rate of 2.1%, which were 3-year fixed interest rate bonds. The proceeds were used to issue loans to small and micro enterprises based on the applicable laws and approvals from regulatory authorities. For more details, please refer to the Bank’s announcement dated September 20, 2024.

On July 10, 2024, the Bank publicly issued the 2024 tier 2 capital bonds of Zhongyuan Bank Co., Ltd. (the first tranche) in the national inter-bank bond market, with an issuance size of RMB8.0 billion, which were 10-year fixed interest rate bonds. The issuer shall have a conditional redemption right at the end of the fifth year with the coupon rate of 2.35%. The proceeds were used to replenish the Bank’s tier 2 capital based on the applicable laws and approvals from regulatory authorities. As at December 31, 2025, such bond has not been redeemed. For more details, please refer to the Bank’s announcement dated July 11, 2024.

Chapter 9 Report of the Board of Directors

On August 15, 2023, the Bank publicly issued the 2023 Undated Capital Bonds (the First Tranche) in the national inter-bank bond market, with an issuance size of RMB10 billion and issuance price of RMB100, and a coupon rate of 4.6% for the first 5 years, which will be reset every 5 years, and the issuer shall have conditional redemption right on every dividend payment date from the fifth year onwards, and the proceeds were used to replenish additional tier-one capital of the Bank based on the applicable laws and approvals from regulatory authorities. As at December 31, 2025, such bond has not been redeemed. For more details, please refer to the Bank's announcement dated August 15, 2023.

For the issuance terms and relevant details of the bonds, please refer to the announcements made by the Bank on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the official website of the Bank (www.zybank.com.cn).

30 Donations

During the Reporting Period, the Bank made donations in a total amount of RMB1,628,200, which were mainly used for poverty alleviation, assistance in difficulty, charity events and other activities.

31 Environmental Policy

During recent years, the Bank has proactively borne social responsibility in relation to environmental policy. The Bank upheld the concept of green and low-carbon development, actively promoted green financial innovation and business expansion, and fully implemented a low-carbon operating model; prioritized support for green industry projects such as clean energy, energy conservation and environmental protection through targeted credit policy adjustments; and optimized internal operation management, reduced office energy consumption, reduced its own carbon emissions, and implemented green development in all aspects.

For more details of our environmental policy and performance, please refer to the "Environmental, Social and Governance (ESG) Report" that the Bank issued after the annual report.

Chapter 9 Report of the Board of Directors

32 Consumer Rights Protection

During the Reporting Period, the Bank adhered to the value orientation of “finance serving people (金融為民)” and promoted the improvement of consumer rights protection capabilities in all aspects. Through strategic mechanism optimization and efficiency improvement, the Bank created a consumer rights protection system covering the entire business chain and the entire service cycle. Firstly, the Bank strengthened strategic coordination and deepened governance effectiveness. The Board of Directors of the Bank, Consumer Rights Protection Committee, President’s Office Meeting and other decision-making bodies carries out overall planning and detailed deployment of consumer protection work, listens to and considers matters such as planning of consumer protection work, planning of financial knowledge education and publicity, quarterly reports on consumer protection work, regulatory notifications, and consumer protection regulatory ratings and rectification work reports, and makes guiding suggestions. Secondly, the Bank consolidated the institutional foundation and improved the governance system. In 2025, the Bank formulated three core systems of consumer rights protection, complaint handling, and consumer protection review, thus providing a more thorough institutional basis for consumer protection work. The Bank independently developed and launched the intelligent consumer protection system, further enhancing data analysis capabilities. Thirdly, the Bank strengthened the integration of publicity and education and practiced social responsibility. The Bank has organized and carried out “3.15 Financial Consumer Rights Day”, “5.15 Investor Day”, “Popularization of Financial Knowledge” and “Propaganda Week of Financial Education” and other special education and publicity activities. At the same time, institutions at all levels across the Bank independently carried out routine publicity and education activities during the Reporting Period and conducted a total of more than 5,700 activities, reaching over 8.02 million consumers, meeting consumers’ financial knowledge needs through multiple forms and enhancing consumers’ financial literacy. Fourthly, the Bank innovated management mechanisms and improved complaint management. The Bank strictly implemented regulatory requirements, continuously improved the complaint management system, smoothed complaint channels, and established a working mechanism of complaint acceptance, analysis, handling, feedback, and diversified dispute solutions to ensure that the Bank could conduct complaint handling work in a lawful and compliant manner and actively respond to consumers’ demands. The Bank has continued to implement staff training on consumer protection. In 2025, a total of 72 consumer protection training sessions were conducted across the Bank, benefiting over 14,000 staff and further enhancing the Bank’s capacity to safeguard consumer rights and interests. During the Reporting Period, the Bank received a total of 17,000 consumer complaints through all channels, equating to 6.06 complaints per 10,000 individual customers. In terms of business distribution, the majority of complaints related to credit cards and personal loans, accounting for 69.38% of all complaints. In terms of the consumer complaint regions, complaints were mainly concentrated in Zhengzhou, Luoyang, Pingdingshan, and other regions.

33 Compliance with Relevant Laws and Regulations

The Bank has adopted internal control measures to monitor ongoing compliance with relevant laws and regulations, such as the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the SFO, the Hong Kong Listing Rules and other rules and regulations implemented in relevant jurisdictions. During the year, to the knowledge of the Board, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the financial year ended December 31, 2025. During the Reporting Period, as far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. The Bank has continuously endeavored to comply with all relevant laws and regulations.

Chapter 9 Report of the Board of Directors

34 Pledge of Significant Assets

During the Reporting Period, the Bank had not pledged any significant assets.

35 Distributable Reserves

The distributable reserves of the Bank as of December 31, 2025 were RMB4,237 million.

36 Important Events since the End of the Reporting Period

On March 27, 2026, each of the board of directors of AB Leasing Co., Ltd. (邦銀金融租賃股份有限公司) (“AB Leasing”, a subsidiary of the Bank and was owned as to 90% by the Bank) and the board of directors of BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司) (“BOL Financial Leasing”, a subsidiary of the Bank and was owned as to 57.5% by the Bank) passed the resolutions on the initiation of procedures for the absorption and merger of BOL Financial Leasing by AB Leasing (the “Potential Absorption and Merger”). If the Potential Absorption and Merger proceeds, it may constitute a notifiable transaction and a connected transaction for the Bank under Chapters 14 and 14A of the Listing Rules. However, there is no guarantee that the parties will enter into final agreements. The Bank will make further announcement(s) in due course and comply with the applicable provisions of the Listing Rules.

Save as mentioned above, since the end of the Reporting Period and until the date of this annual report, there was no important event affecting the Bank.

37 Other Matters

As far as the Board is aware, the Bank has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Bank. In the meantime, the Bank is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Bank endeavors to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

As of the date of this report, the Bank was not aware that any Shareholders had waived or agreed to waive any dividends arrangement.

As of the date of this report, none of the Directors of the Bank waived or agreed to waive any emoluments arrangement.

During the Reporting Period, the Bank had no controlling Shareholders or de facto controllers, and therefore the Bank did not have any controlling Shareholder to pledge the Bank’s Shares to provide guarantee for the Bank’s debts or otherwise provide support for the pledge thereof.

The Bank will publish an environmental, social and governance report for the Reporting Period, as and when appropriate, in compliance with the provisions under the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Hong Kong Listing Rules.

Zhongyuan Bank Co., Ltd.
The Board of Directors

Zhengzhou, China
March 30, 2026

Chapter 10 Important Events

1 Use of Proceeds

On September 19, 2024, the Bank issued the 2024 special financial bonds for loans to small and micro enterprises with an issue size of RMB5 billion in the national inter-bank bond market in the PRC. The bonds are 3-year fixed interest rate bonds with a coupon rate of 2.1%. The proceeds are specially used to issue loans to small and micro enterprises in accordance with applicable laws and approvals by the regulatory authorities. Please refer to the announcement of the Bank dated September 20, 2024 for details.

On July 10, 2024, the Bank publicly issued 2024 tier 2 capital bonds of Zhongyuan Bank Co., Ltd. (the first tranche) in the national inter-bank bond market in the PRC. The issuance size of the Bonds is RMB8 billion and the type is fixed rate bonds for a term of 10 years. The issuer shall have a conditional redemption right at the end of the fifth year with the coupon rate of 2.35%. The proceeds are used to replenish the Bank's tier 2 capital in accordance with applicable laws and approvals by the regulatory authorities. As at December 31, 2025, such bond has not been redeemed. Please refer to the announcement of the Bank dated July 11, 2024 for details.

On August 15, 2023, the Bank publicly issued the 2023 undated capital bonds (the first tranche) with an issuing size of RMB10 billion in the national inter-bank bond market in the PRC. The coupon rate is 4.6% with an issuing price of RMB100 during the first five years, and will be reset every five years. The issuer shall have a conditional redemption right on every dividend payment date from the fifth year onwards. The proceeds are used to replenish the Bank's additional tier-one capital in accordance with applicable laws and approvals by the regulatory authorities. As at December 31, 2025, such bond has not been redeemed. Please refer to the announcement of the Bank dated August 15, 2023 for details.

In January 2023, the Bank has entered into the convertible negotiated deposit agreement (the "Agreement") with Zhengzhou Finance Bureau as designated by Finance Department of Henan Province, and has received RMB8 billion from Zhengzhou Finance Bureau in the form of convertible negotiated deposit, which has been fully used to replenish other tier-one capital. For details, please refer to the announcement of the Bank dated February 6, 2023.

2 Profits and Dividends

The profits and financial position of the Bank for 2025 are set out in the annual financial statements of this annual report.

Due to the need for further review of the 2025 profit distribution plan, the Board of Directors of the Bank has decided to postpone the review of the proposal for the 2025 profit distribution plan. The Bank expects to hold another Board meeting before May 31, 2026, to review the proposal for the 2025 profit distribution plan, which will be proposed at the 2025 shareholders' general meeting for approval after being approved by the Board of Directors.

The Bank will announce details of the 2025 profit distribution plan and relevant arrangements for convening the 2025 shareholders' general meeting in due course.

Chapter 10 Important Events

3 Related Party (Connected) Transactions

3.1 Related Party Transactions under the Requirements of the Former CBIRC (National Financial Regulatory Administration)

According to Measures for the Administration of Related Party Transactions of Banking and Insurance Institutions (《銀行保險機構關聯交易管理辦法》), the overall situation of related party transactions under the regulatory standards of the Bank during the Reporting Period is as follows:

3.1.1 Related parties

As of the end of the Reporting Period, the Bank has a total of 8,404 related parties, including 1,610 related legal persons and 6,794 related natural persons.

3.1.2 The implementation of supervision proportion

As of the end of the Reporting Period, the maximum credit balance of a single related party of the Bank accounted for 2.79% of the net capital of the Bank at the end of the previous quarter; the maximum credit balance of a group customer that includes a single related legal person or an unincorporated organization accounted for 7.58% of the net capital of the Bank; and the credit balance of all related parties accounted for 18.21% of the net capital of the Bank. None of the above indicators exceeds the following limits specified by the regulatory authorities: the balance of credit granted by the banking institution to a single related party shall not exceed 10% of the net capital of the banking institution at the end of the previous quarter; the total balance of credit granted by the banking institution to a group customer that includes a single related legal person or an unincorporated organization shall not exceed 15% of the net capital of the banking institution at the end of the previous quarter; the balance of credit granted by the banking institution to all related parties shall not exceed 50% of the net capital of the banking institution at the end of the previous quarter.

3.2 Connected Transactions under the Hong Kong Listing Rules

In the ordinary and usual course of business, the Bank offers commercial banking services and products to the public in China, including certain connected persons of the Bank such as the Shareholders, Directors, Supervisors, President and/or their respective associates. Pursuant to the Hong Kong Listing Rules, such transactions, being conducted on normal commercial terms in the ordinary and usual course of business of the Bank, shall be exempt from the reporting, annual review, disclosure and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Bank has reviewed all its connected transactions and acknowledged that it had complied with the requirements under Chapter 14A of the Hong Kong Listing Rules. During the Reporting Period, there were no other events that constituted material connected transactions of the Bank.

Chapter 10 Important Events

3.3 Related Party Transactions under the International Accounting Standards

For further details, please refer to Note 43 to the financial statements in this annual report. The definition of connected persons under Chapter 14A of the Hong Kong Listing Rules is different from the definition of related parties under the International Accounting Standard, and its interpretations by the International Accounting Standards Board. Some of the related party transactions set out in the notes to the financial statements also constitute connected transactions or continuing connected transactions as defined under the Hong Kong Listing Rules, but none of them constitutes a disclosable connected transaction as defined under the Hong Kong Listing Rules.

4 Material Litigations and Arbitrations

As of the end of the Reporting Period, the disputed amount involved in the outstanding litigation cases in which the Bank was the defendant was RMB602.59 million. The Bank does not expect such litigation to have a material adverse effect on the Bank's business, financial condition and results of operations.

5 Penalties for Directors, Supervisors and Senior Management

During the Reporting Period, none of the Bank, Directors, Supervisors and senior management of the Bank had been subject to any material administrative penalty by the regulatory authorities that affected the Bank's normal operations.

6 Performance of Commitments by the Bank and Shareholders with 5% or more of Shares

The Bank's major Shareholders, their related parties and persons acting in concert have issued to the Bank a statement on the conditions and requirements for investment in the Bank, a statement on the equity relationship, a statement on the tax situation, a statement on the purpose of the shareholding and the source of funds, a statement on non-occurrence of non-compliance related party transactions, a statement on non-significant violations, a statement on the authenticity of materials, a statement on compliance holdings, and a statement on equity status and shareholder performance. They have also made commitments on compliance with laws and regulations, the Bank's Articles of Association and other relevant provisions, legal exercise of rights and performance of obligations and other matters.

7 Implementation of Share Schemes during the Reporting Period

During the Reporting Period, the Bank had not implemented any share schemes.

Chapter 10 Important Events

8 Material Contracts and their Performance

During the Reporting Period, no material contracts (including the provision of relevant services) in relation to the Bank's business to which the Bank or its subsidiaries was a party and in which any of the Directors, Supervisors or members of its management had a material interest, whether directly or indirectly, subsisted.

9 Significant Investment, Material Acquisitions and Disposals of Assets and Business Mergers

During the Reporting Period, the Bank held the 2025 second extraordinary general meeting on November 10, 2025 to consider and approve the absorption and merger of Puyang Zhongyuan County Bank, Mengjin Minfeng County Bank and Luanchuan Minfeng County Bank, please refer to the Bank's circular dated October 20, 2025 and the announcement dated November 10, 2025 for details. On December 24, 2025, the Bank convened its 2025 third extraordinary general meeting to consider and approve the absorption and merger of Jiaxian Guangtian County Bank and Xiangcheng Zhongyuan Rural Bank, please refer to the Bank's circular dated December 4, 2025 and announcement dated December 24, 2025 for details. The funds required for above-mentioned absorption and merger were funded by the Company's own financial resources.

Except as disclosed in this annual report, the Bank had no significant investments, material acquisitions and disposals of assets and business mergers, and no specific plan for material investments or acquisition of material capital assets during the Reporting Period.

10 Profit Distribution during the Reporting Period

The final dividend for the year ended December 31, 2024 has been approved at the Bank's 2024 annual general meeting, with a dividend of RMB0.12 (tax included) per ten shares, and the payment of the said cash dividend has been paid on August 5, 2025.

11 Audit Review

The financial statements for 2025 prepared by the Bank according to the IFRSs have been audited by Baker Tilly Hong Kong Limited, and the auditor's report was unqualified. The 2025 Annual Report of the Bank has been reviewed and approved by the Audit Committee of the Board and the Board of Directors of the Bank.

Chapter 11 Independent Auditor's Report



Independent auditor's report to the shareholders of Zhongyuan Bank Co., Ltd.
(A joint stock company incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Zhongyuan Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") set out on pages 156 to 287, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information 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 Hong Kong Standards on Auditing ("HKSAAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of 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 judgement, 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.

Chapter 11 Independent Auditor's Report

Key audit matters (Continued)

Loss allowances of loans and advances and financial investments measured at amortised cost	
<i>Refer to notes 20 and 21 to the consolidated financial statements and the accounting policies in note 2(9)(ii).</i>	
The key audit matter	How the matter was addressed in our audit
<p>The determination of loss allowances for loans and advances to customers and financial investments measured at amortised cost using the expected credit loss ("ECL") model involves a number of key parameters and assumptions. These include the identification of credit impairment stages, estimates of probability of default, loss given default, exposure at default, discount rates, forward-looking adjustments and other adjustment factors. Significant management judgement is required in selecting these parameters and applying the related assumptions.</p> <p>In particular, the determination of loss allowances is highly dependent on the external macroeconomic environment and the Group's internal credit risk management strategies. In assessing key parameters and assumptions, the ECLs for corporate loans and advances and financial investments measured at amortised cost are derived from historical loss experience, internal and external credit ratings and other adjustment factors. The ECLs for personal loans are derived from historical overdue data, historical loss experience and other adjustment factors.</p> <p>Management also exercises judgement in determining loss given default, considering factors such as the recoverable amount, the financial condition of the borrower, the recoverable amount of collateral, the seniority of claims, and the existence of, and cooperation with, other creditors. In addition, the enforceability, timing and method of collateral realisation may affect the recoverable amount of collateral.</p>	<p>Our audit procedures to assess loss allowances of loans and advances and financial investments measured at amortised cost included the following:</p> <ul style="list-style-type: none"> • understanding and evaluating the design, implementation and operating effectiveness of key internal controls over financial reporting relating to the approval, recording, monitoring and classification of loans and advances to customers and financial investments measured at amortised cost, and the measurement of impairment allowances; • assessing the reliability of the ECL model used by management and the appropriateness of the key parameters and assumptions applied, including the identification of credit impairment stages, probability of default, loss given default, exposure at default, discount rates and forward-looking adjustments, and assessing the reasonableness of the significant management judgement involved; • assessing the completeness and accuracy of key data used in the ECL model. For key internal data derived from original loan agreements, we reconciled the aggregate balances of loans and advances to customers and financial investments measured at amortised cost used by management in assessing impairment allowances to the general ledger and, on a sample basis, checked details of individual loan and investment against the underlying agreements and other supporting documents. For key external data, we compared such data with publicly available information sources to assess their accuracy; • for parameters involving significant management judgement, challenging management's adjustments to estimates and key parameters compared with the prior period and assessing the consistency of management's judgement; • comparing the forward-looking macroeconomic factors applied in the ECL models with relevant market information to assess whether such factors were consistent with prevailing market conditions and economic development;

Chapter 11 Independent Auditor's Report

Key audit matters (Continued)

Loss allowances of loans and advances and financial investments measured at amortised cost (Continued)	
<i>Refer to notes 20 and 21 to the consolidated financial statements and the accounting policies in note 2(9)(ii). (Continued)</i>	
The key audit matter	How the matter was addressed in our audit
<p>We identified the impairment of loans and advances to customers and financial investments measured at amortised cost as a key audit matter due to the inherent uncertainty and significant management judgement involved, as well as its potential significance to the Group's financial results and capital position.</p>	<ul style="list-style-type: none"> • for key system-generated internal data used in the ECL model, assessing the accuracy of system input data by comparing such data with original source documents on a sample basis. In addition, with the involvement of our IT specialists, testing the logic applied in compiling overdue information for selected corporate customers; • evaluating the reasonableness of management's judgement as to whether the credit risk of loans and advances to customers and financial investments measured at amortised cost had increased significantly since initial recognition and whether such assets were credit-impaired, by selecting samples from industries more vulnerable to current economic conditions and from borrowers with potential credit risk, and inspecting overdue information, assessing borrowers' credit risk profiles, making enquiries of management regarding borrowers' business operations, reviewing borrowers' financial information and researching relevant market information relating to borrowers' businesses; • on a sample basis, assessing the reasonableness of loss given default for credit-impaired loans and advances to customers and financial investments measured at amortised cost. In performing these procedures, we evaluated the timing and method of collateral realisation, assessed expected recoverable cash flows, considered the feasibility of the Group's recovery plans, compared management's valuation of collateral with market prices, and considered other sources of repayment identified by management. Based on the above, we re-performed, on a sample basis, the calculation of impairment allowances using the ECL model; and • evaluating whether the disclosures relating to impairment allowances for loans and advances to customers and financial investments measured at amortised cost in the consolidated financial statements were appropriate and in compliance with the relevant accounting standards.

Chapter 11 Independent Auditor's Report

Key audit matters (Continued)

Consolidation of structured entities	
<i>Refer to note 40 to the consolidated financial statements and the accounting policies in note 2(4).</i>	
The key audit matter	How the matter was addressed in our audit
<p>Structured entities are generally established to achieve specific and well-defined objectives and operate within restricted activities. The Group may acquire or hold interests in structured entities, or act as a sponsor, through issuing or investing in wealth management products, asset management plans, trust plans or asset-backed securities.</p> <p>In determining whether a structured entity is required to be consolidated, management considers the risks to which the Group is exposed and the rewards to which it is entitled, whether the Group has power over the relevant activities of the structured entity, and the extent to which the Group can use such power to affect the amount of its variable returns. In certain circumstances, the Group may be required to consolidate a structured entity even though it does not hold any equity interest therein.</p> <p>We identified the consolidation of structured entities as a key audit matter because determining whether a structured entity should be consolidated involves significant management judgement, and the consolidation of structured entities may have a significant impact on the consolidated statement of financial position and the related regulatory capital requirements.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"> • understanding and evaluating the design, implementation and operating effectiveness of key internal controls over the consolidation of structured entities, including management's assessment of transaction structures and contractual terms, the evaluation and calculation of the Group's variable returns, and the approval of consolidation conclusions; • selecting significant structured entities across major product types and performing the following procedures: <ul style="list-style-type: none"> – inspecting relevant contracts, internal establishment documents and information disclosed to investors to understand the purpose for which the structured entity was established and the extent of the Group's involvement, and to assess management's judgement as to whether the Group has power over the structured entity; – reviewing the risk and reward structure of the structured entity to assess management's judgement regarding the Group's exposure, or rights, to variable returns arising from its involvement with the structured entity; – reviewing management's analyses of the structured entity to assess management's judgement regarding the Group's ability to influence the amount of its variable returns; – evaluating management's judgement as to whether the structured entity should be consolidated or not; and • evaluating whether the disclosures relating to unconsolidated structured entities in the consolidated financial statements were appropriate and in compliance with the relevant accounting standards.

Chapter 11 Independent Auditor's Report

Information other than the consolidated financial statements and auditor's report thereon

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.

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 as issued by the 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.

Chapter 11 Independent Auditor's Report

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 HKSA's 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.

As part of an audit in accordance with HKSA's, 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.

Chapter 11 Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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 to 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.

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 director on the audit resulting in this independent auditor's report is Gao Yajun.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 30 March 2026

Gao Yajun

Practising certificate number P06391

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2025	2024
Interest income		45,385,969	48,035,682
Interest expense		(22,867,139)	(26,492,951)
Net interest income	4	22,518,830	21,542,731
Fee and commission income		2,503,145	2,825,057
Fee and commission expense		(1,055,777)	(1,406,998)
Net fee and commission income	5	1,447,368	1,418,059
Net trading gains	6	100,517	191,830
Net gains arising from investment securities	7	2,155,486	2,503,850
Other operating income	8	284,821	298,796
Operating income		26,507,022	25,955,266
Operating expenses	9	(10,500,912)	(10,449,560)
Impairment losses on assets	12	(13,715,438)	(12,885,610)
Share of (losses)/gains of associate and joint venture	23	(7,968)	130,377
Profit before tax		2,282,704	2,750,473
Income tax credit	13	1,293,487	719,256
Profit for the year		3,576,191	3,469,729
Profit for the year attributable to:			
Equity shareholders of the Bank		3,588,598	3,445,905
Non-controlling interests		(12,407)	23,824
Profit for the year		3,576,191	3,469,729
Basic and diluted earnings per share (in RMB)	14	0.08	0.08

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2025
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2025	2024
Profit for the year		3,576,191	3,469,729
Other comprehensive income for the year			
<i>Other comprehensive income attributable to equity shareholders of the Bank, net of tax</i>			
Items that may be reclassified subsequently to profit or loss:			
– Financial assets at fair value through other comprehensive income: net movement in fair value reserve	37(d)(i)	(1,355,989)	1,307,682
– Financial assets at fair value through other comprehensive income: net movement in provision of impairment losses	37(d)(ii)	(424,727)	(3,325)
– Share of other comprehensive income of associate	37(d)(iv)	(661)	661
		(1,781,377)	1,305,018
Item that will not be reclassified subsequently to profit or loss:			
– Remeasurement of net defined benefit liability	37(d)(iii)	28,452	(28,078)
<i>Other comprehensive income attributable to non-controlling interests, net of tax</i>			
		(8,160)	13,240
Other comprehensive income for the year, net of tax		(1,761,085)	1,290,180
Total comprehensive income for the year		1,815,106	4,759,909
Total comprehensive income for the year attributable to:			
Equity shareholders of the Bank		1,835,673	4,722,845
Non-controlling interests		(20,567)	37,064
Total comprehensive income for the year		1,815,106	4,759,909

The notes on pages 165 to 287 form part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2025	2024
ASSETS			
Cash and deposits with the central bank	15	58,607,766	65,828,432
Deposits with banks and other financial institutions	16	36,555,530	22,114,844
Placements with banks and other financial institutions	17	52,214,306	43,520,103
Derivative financial assets	18	56,986	21,565
Financial assets held under resale agreements	19	38,560,219	23,797,451
Loans and advances to customers	20	716,699,719	697,845,196
Financial investments:	21		
– Financial investments at fair value through profit or loss		55,528,451	84,936,843
– Financial investments at fair value through other comprehensive income		109,535,351	89,322,558
– Financial investments at amortised cost		245,936,055	239,593,383
Lease receivables	22	67,209,287	68,208,860
Investment in associate	23(b)	–	257,172
Investment in joint venture	23(c)	2,038,819	1,790,276
Property and equipment	24	8,363,588	8,147,314
Deferred tax assets	25	13,748,496	11,248,143
Goodwill	26	1,982,050	1,982,050
Other assets	27	7,256,758	6,582,783
TOTAL ASSETS		1,414,293,381	1,365,196,973
LIABILITIES AND EQUITY			
Liabilities			
Borrowing from the central bank	29	58,404,636	44,035,508
Deposits from banks and other financial institutions	30	78,075,855	52,658,555
Placements from banks and other financial institutions	31	64,752,787	60,771,599
Derivative financial liabilities	18	2,862	174,230
Financial liabilities at fair value through profit or loss		45,788	–
Financial assets sold under repurchase agreements	32	25,631,281	34,874,817
Deposits from customers	33	981,289,393	911,799,787
Income tax payable		252,194	156,073
Debt securities issued	34	92,650,704	146,878,447
Other liabilities	35	13,862,457	13,464,643
Total liabilities		1,314,967,957	1,264,813,659

Consolidated statement of financial position

as at 31 December 2025
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2025	2024
Equity			
Share capital	36	36,549,823	36,549,823
Other equity instruments	39	12,998,937	13,998,937
Reserves	37	41,765,433	41,226,377
Retained earnings	38	4,922,499	4,782,621
Total equity attributable to equity shareholders of the Bank		96,236,692	96,557,758
Non-controlling interests		3,088,732	3,825,556
Total equity		99,325,424	100,383,314
TOTAL LIABILITIES AND EQUITY		1,414,293,381	1,365,196,973

Approved and authorised for issue by the board of directors of the Bank on 30 March 2026.

Guo Hao

*Chairman of the Board of Directors
Executive Director*

Zhou Feng

*Vice Chairman of the Board of Directors
President
Executive Director*

Liu Qingfen

*Vice President in charge of
accounting affairs*

Zhao Yixin

*General Manager of the Planning
and Finance Department*

Zhongyuan Bank Co., Ltd.

(Company chop)

The notes on pages 165 to 287 form part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

Note	Attributable to equity shareholders of the Bank									Non-controlling interests	Total
	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings	Sub-total			
Balance at 1 January 2025	36,549,823	13,998,937	19,004,374	3,419,254	16,679,124	2,123,625	4,782,621	96,557,758	3,825,556	100,383,314	
Changes in equity for the year:											
Profit for the year	-	-	-	-	-	-	3,588,598	3,588,598	(12,407)	3,576,191	
Other comprehensive income	-	-	-	-	-	(1,752,925)	-	(1,752,925)	(8,160)	(1,761,085)	
Total comprehensive income	-	-	-	-	-	(1,752,925)	3,588,598	1,835,673	(20,567)	1,815,106	
Appropriation to surplus reserve	37	-	-	320,545	-	-	(320,545)	-	-	-	
Appropriation to general reserve	37	-	-	-	1,934,320	-	(1,934,320)	-	-	-	
Dividend distribution	38(a)(i)	-	-	-	-	-	(438,598)	(438,598)	-	(438,598)	
Distribution of interest on perpetual bonds	38(a)(ii)	-	-	-	-	-	(652,000)	(652,000)	-	(652,000)	
Arising from merger by absorption	23	-	(66,141)	-	103,257	-	(103,257)	(66,141)	(716,257)	(782,398)	
Redemption of perpetual bonds	39	-	(1,000,000)	-	-	-	-	(1,000,000)	-	(1,000,000)	
Balance at 31 December 2025	36,549,823	12,998,937	18,938,233*	3,739,799*	18,716,701*	370,700*	4,922,499	96,236,692	3,088,732	99,325,424	

* These reserve accounts are included in the consolidated reserves of RMB41,765,433 thousands in the consolidated statement of financial position for the year ended 31 December 2025.

Consolidated statement of changes in equity

for the year ended 31 December 2025
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Attributable to equity shareholders of the Bank							Sub-total	Non-controlling interests	Total
		Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings			
Balance at 1 January 2024		36,549,823	13,998,937	19,022,039	3,107,811	16,547,644	846,685	2,431,639	92,504,578	4,383,593	96,888,171
Changes in equity for the year:											
Profit for the year		-	-	-	-	-	-	3,445,905	3,445,905	23,824	3,469,729
Other comprehensive income		-	-	-	-	-	1,276,940	-	1,276,940	13,240	1,290,180
Total comprehensive income		-	-	-	-	-	1,276,940	3,445,905	4,722,845	37,064	4,759,909
Appropriation to surplus reserve	37	-	-	-	314,155	-	-	(314,155)	-	-	-
Appropriation to general reserve	37	-	-	-	-	166,299	-	(166,299)	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(22,259)	(22,259)
Distribution of interest on perpetual bonds	38(a)(ii)	-	-	-	-	-	-	(652,000)	(652,000)	-	(652,000)
Loss of control of a subsidiary		-	-	(17,665)	(2,712)	(45,324)	-	48,036	(17,665)	(541,678)	(559,343)
Arising from merger by absorption		-	-	-	-	10,505	-	(10,505)	-	(31,164)	(31,164)
Balance at 31 December 2024		36,549,823	13,998,937	19,004,374*	3,419,254*	16,679,124*	2,123,625*	4,782,621	96,557,758	3,825,556	100,383,314

* These reserve accounts are included in the consolidated reserves of RMB41,226,377 thousands in the consolidated statement of financial position for the year ended 31 December 2024.

The notes on pages 165 to 287 form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	2025	2024
Cash flows from operating activities		
Profit before tax	2,282,704	2,750,473
Adjustments for:		
– Impairment losses on assets	13,715,438	12,885,610
– Depreciation and amortisation	1,363,863	1,520,141
– Depreciation of investment properties	2,552	2,620
– Unrealised foreign exchange gains	(162,651)	(183,672)
– Gains on disposal of property and equipment	(31,019)	(73,394)
– Unrealised net trading losses	154,234	211,021
– Gains arising from fair value changes of derivative financial instruments	(206,789)	(149,474)
– Net gains arising from investment securities	(2,155,486)	(2,503,850)
– Share of losses/(gains) of associate and joint venture	7,968	(130,377)
– Interest expense on debt securities issued	2,653,151	2,873,379
– Interest expense on lease liabilities	12,462	23,797
	17,636,427	17,226,274
<i>Changes in operating assets:</i>		
Increase in deposits with the central bank	(4,185,811)	(1,854,405)
Increase in deposits and placements with banks and other financial institutions	(7,718,883)	(15,169,292)
Decrease/(increase) in financial assets held for trading	13,756,783	(22,939,470)
Increase in loans and advances to customers	(24,247,358)	(10,355,475)
Increase in lease receivables	(446,899)	(3,860,444)
Decrease in other operating assets	26,092,447	19,301,291
	3,250,279	(34,877,795)

Consolidated statement of cash flows

for the year ended 31 December 2025
(Expressed in thousands of Renminbi, unless otherwise stated)

	2025	2024
Cash flows from operating activities (Continued)		
<i>Changes in operating liabilities:</i>		
Increase/(decrease) in borrowing from the central bank	14,472,231	(23,851,641)
Increase in deposits from banks and other financial institutions	25,241,520	13,826,201
Increase/(decrease) in placements from banks and other financial institutions	4,019,841	(3,574,094)
Decrease in financial assets sold under repurchase agreements	(9,237,234)	(38,232,136)
Increase in deposits from customers	69,692,877	51,912,726
(Decrease)/increase in other operating liabilities	(29,759,698)	2,247,558
	74,429,537	2,328,614
Cash generated from/(used in) operations	95,316,243	(15,322,907)
Income tax paid	(513,263)	(321,482)
Net cash generated from/(used in) operating activities	94,802,980	(15,644,389)
Cash flows from investing activities		
Proceeds from disposal and redemption of investments	302,889,593	359,743,685
Proceeds from disposal of property and equipment, intangible assets and other assets	34,690	382,431
Payments on acquisition of investments	(318,349,591)	(391,438,358)
Payments on acquisition of property and equipment, intangible assets and other assets	(1,236,124)	(1,573,606)
Net cash used in investing activities	(16,661,432)	(32,885,848)

Consolidated statement of cash flows

for the year ended 31 December 2025

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2025	2024
Cash flows from financing activities			
Proceeds from issue of debt securities	42(c)	175,139,128	276,661,304
Repayment of debts securities issued	42(c)	(229,924,437)	(262,044,393)
Interest paid on debts securities issued	42(c)	(2,095,585)	(2,602,421)
Dividends paid		(995,347)	(686,166)
Redemption of perpetual bonds		(1,000,000)	–
Capital element of lease liabilities paid	42(c)	(363,902)	(392,082)
Interest element of lease liabilities paid	42(c)	(12,462)	(23,797)
Net cash (used in)/generated from financing activities		(59,252,605)	10,912,445
Effect of foreign exchange rate changes		(50,364)	54,308
Net increase/(decrease) in cash and cash equivalents	42(a)	18,838,579	(37,563,484)
Cash and cash equivalents at 1 January		63,630,220	101,193,704
Cash and cash equivalents at 31 December	42(b)	82,468,799	63,630,220
Interest received		44,728,974	46,863,589
Interest paid (excluding interest expense on debt securities issued)		(20,389,537)	(23,708,093)

The notes on pages 165 to 287 form part of these consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Background information

Zhongyuan Bank Co., Ltd. (the “Bank”) was established in Zhengzhou, Henan Province, the People’s Republic of China (the “PRC”) on 23 December 2014 with the approval of the former China Banking Regulatory Commission (the former “CBRC”). Prior to its establishment, the banking business (the “Business”) was carried out by thirteen city commercial banks (the “Predecessor Entities”), each being located in Henan Province.

Pursuant to the reorganisation initiated by the People’s Government of Henan Province (the “Henan Government”), the Bank was established through the merger and reorganisation of the Predecessor Entities.

The Bank obtained its financial institution license No. B0615H241010001 from the former CBRC, and obtained its business license with unified social credit code 9141000031741675X6 from the State Administration for Industry and Commerce of the PRC. The Bank is regulated by the National Financial Regulatory Administration (“NFRA”) authorised by the State Council.

In July 2017, the Bank’s H-shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 01216).

On 25 May 2022, the Bank received the approval for the merger by absorption of Bank of Luoyang Co., Ltd. (“Bank of Luoyang”), Bank of Pingdingshan Co., Ltd. (“Bank of Pingdingshan”) and Bank of Jiaozuo China Travel Service Co., Ltd. (“Bank of JZCTS”) from the former China Banking and Insurance Regulatory Commission (the former “CBIRC”) and completed the merger by absorption.

The principal activities of the Bank and its subsidiaries (collectively referred to as the “Group”) are the provision of corporate and personal deposits, loans and advances, settlement, financial markets business, financial leasing and other financial services as approved by the former CBRC.

2 Material accounting policies

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated 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. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to 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 consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(2) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Bank and its subsidiaries and the Group's investments in an associate and a joint venture.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 2(29).

The measurement basis used in the preparation of the consolidated financial statements is the historical basis, except that the financial instruments classified as at fair value through other comprehensive income ("FVOCI") or at fair value through profit or loss ("FVPL") and derivative financial instruments (see Note 2(9)(iii)) are stated at their fair value as explained in the respective accounting policies.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the Group.

(3) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these consolidated financial statements for the current accounting period. The amendments do not have a material impact on these consolidated financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(4) Subsidiaries and non-controlling interests

Subsidiaries (including structured entities) are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Bank. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Bank.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Bank's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(18)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(5) Associates and joint ventures

An associate is an entity in which the Group or the Bank has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement in which the Group or the Bank has joint control, whereby the Group or the Bank has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Bank's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses, unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(6) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(18)).

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(7) Translation of foreign currencies

Foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the dates of transactions.

A spot exchange rate is quoted by the People's Bank of China ("PBOC"), the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of each reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the exchange differences are recognised in profit or loss, except for the exchange differences arising from the translation of non-monetary financial investments at FVOCI which are recognised in OCI.

(8) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, non-restricted balances with central bank, short-term deposits and placements with banks and other financial institutions, financial assets held under resale agreements and highly liquid short-term investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Short-term generally refers to maturities of three months or less from the date of acquisition. Cash and cash equivalents are assessed for expected credit losses ("ECL"s) (see Note 2(9)(ii)).

(9) Financial instruments

(i) **Recognition and measurement of financial assets and liabilities**

A financial asset or financial liability is recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

The financial instruments are initially stated at fair value plus directly attributable transaction costs, except for those financial instruments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 46. These financial instruments are subsequently accounted for as follows, depending on their classification.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(i) Recognition and measurement of financial assets and liabilities (Continued)

Financial instruments other than equity investments

Non-equity financial instruments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the financial instrument is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the financial instrument is calculated using the effective interest method (see Note 2(24)(a)).
- FVOCI (recycling), if the contractual cash flows of the financial instrument comprise solely payments of principal and interest and the financial instrument is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in OCI, except for the recognition in profit or loss of ECLs, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the financial instrument is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL, if the financial instrument does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the financial instrument (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in OCI remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(ii) Credit losses and impairment of financial assets

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, loans and advances to customers, and financial investments at amortised cost);
- debt securities measured at FVOCI (recycling);
- lease receivables; and
- loan commitments issued, which are not measured at FVPL.

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(ii) Credit losses and impairment of financial assets (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(ii) Credit losses and impairment of financial assets (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.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's 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 investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in other reserves (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(24)(a) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment which impact on the debtor;
- disappearance of an active market for financial assets because of financial difficulties of the debtor; or
- overdue for more than 90 days.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(ii) Credit losses and impairment of financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. 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.

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.

(iii) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Certain derivatives embedded in financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the hybrid instrument is not carried at FVPL. These embedded derivatives are measured at FVPL.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised directly in profit or loss.

For less complex derivative products, the fair values are principally determined by valuation models which are commonly used by market participants. Inputs to valuation models are determined from observable market data wherever possible, including foreign exchange spot and forward rates and interest rate yield curves. For more complex derivative products, the fair values are mainly determined by quoted prices from dealers.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(iv) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, it is the current asking price. The quoted prices from an active market are prices that are readily and regularly available from an exchange, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties; referencing to the current fair value of another instrument that is substantially the same; using discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each reporting period. Where other pricing models are used, inputs are based on market data at the end of each reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(v) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers substantially all the risks and rewards of ownership of the financial assets or in which the Group neither transfer, nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(9) Financial instruments (Continued)

(v) *Derecognition of financial assets and financial liabilities (Continued)*

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

Financial liabilities (or part of it) are derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

(vi) *Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(10) Financial assets held under resale and repurchase agreements

Financial assets purchased under agreements to resell are reported not as purchases of the assets but as receivables and are carried in the consolidated statement of financial position at amortised cost. Financial assets held under resale agreements are assessed for ECLs in accordance with the policy set out in Note 2(9)(ii).

Financial assets sold subject to a simultaneous agreement to repurchase these assets are retained in the consolidated statement of financial position and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognised respectively as interest income and interest expense over the life of each agreement using the effective interest method.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(11) Other equity instruments

The Group classifies instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's other equity instruments are not redeemable by holders and bear an entitlement to coupons at the sole discretion of the board of directors. Accordingly, they are presented within equity. Distributions thereon are recognised in equity. Based on the Group's assessment of the terms of the instruments, the coupon payments meet the definition of dividends. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(12) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Bank's financial statements, investments in subsidiaries are accounted for using the cost method. An investment in a subsidiary acquired other than through a business combination is initially recognised at actual payment cost if the Bank acquires the investment by cash. The investment is stated at cost less impairment loss (see Note 2(18)) in the Bank's statement of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Bank recognises its share of the cash dividends or profit distribution declared by the investees as investment income.

(13) Investment property

Investment property is a property held either for earning rental income or for capital appreciation or for both. Investment property is accounted for using the cost model and stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment loss (Note 2(18)). Investment property is depreciated using the straight-line method over its estimated useful life after taking into account its estimated residual value.

	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3%	4.85%

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(14) Property and equipment and construction in progress

Property and equipment are assets held by the Group for operation and administration purposes with useful lives over one year.

Property and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment loss (see Note 2(18)). Construction in progress is stated in the consolidated statement of financial position at cost less impairment loss (see Note 2(18)).

The cost of a purchased property and equipment comprises the purchase price, related taxes, and any expenditure directly attributable to bringing the asset into working condition for its intended use.

All direct and indirect costs that are related to the construction of property and equipment and incurred before the assets are ready for their intended use are capitalised as the cost of construction in progress. Construction in progress is transferred to property and equipment when the item being constructed is ready for its intended use. No depreciation is provided against construction in progress.

Where the individual component parts of an item of property and equipment have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, they are recognised as a separate property and equipment.

The subsequent costs including the cost of replacing part of an item of property and equipment are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Items may be produced while bringing an item of property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(14) Property and equipment and construction in progress (Continued)

Property and equipment are depreciated using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives, residual values and depreciation rates of each class of property and equipment are as follows:

Asset category	Estimated useful life	Estimated rate of residual value	Depreciation rate
Premises	20 years	3%	4.85%
Motor vehicles	4 years	3%	24.25%
Others	3 – 10 years	3%	9.70% – 32.33%

Useful lives, residual values and depreciation methods are reviewed at least at each reporting date and adjusted if appropriate.

(15) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. Lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(15) Leases (Continued)

(i) As a lessee (Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses (see Note 2(18)), if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(15) Leases (Continued)

(ii) As a lessor (Continued)

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note 2(9). Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases are recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

(16) Intangible assets

The intangible assets of the Group, other than leasing license, have finite useful lives. These intangible assets are stated at cost less accumulated amortisation and impairment loss (see Note 2(18)). The cost of intangible assets less residual value and impairment loss is amortised on the straight-line method over the estimated useful lives.

The respective amortisation periods for intangible assets are as follows:

Computer software	5-10 years
Trademark right and others	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The leasing licenses of the Group's subsidiaries are recognised as intangible assets with indefinite life and are tested annually for impairment.

(17) Repossessed assets

Repossessed assets are physical assets or property rights obtained by the Group from debtors, warrantors or third parties following the enforcement of its creditor's rights. The repossessed assets are initially recognised at fair value, and are subsequently measured at the lower of the carrying value and net recoverable amount. If the recoverable amount is lower than the carrying value of the repossessed assets, the assets are written down to the recoverable amount.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(18) Provision for impairment losses on non-financial assets

The carrying amounts of the following assets are reviewed at the end of each reporting period based on the internal and external sources of information to determine whether there is any indication of impairment:

- property and equipment;
- construction in progress;
- right-of-use assets;
- intangible assets;
- investment property measured using a cost model;
- investments in subsidiaries, associate and joint venture in the Bank's statement of financial position; and
- goodwill.

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. Goodwill and intangible assets with indefinite life are test annually for impairment.

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. A CGU is composed of assets directly relating to cash-generation. Identification of a CGU is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

The recoverable amount of an asset is the higher of its fair value less cost of disposal and value in use. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset; if it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the CGU to which the assets belongs.

An asset's fair value less cost of disposal is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The value in use of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects expected future cash flows, the useful life and the discount rate specific to the asset.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(18) Provision for impairment losses on non-financial assets (Continued)

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount. A provision for an impairment loss of the asset is recognised accordingly.

In respect of non-financial assets other than goodwill, if in a subsequent period, the amount of impairment loss of the asset decreases and the decrease can be linked objectively to an event occurring after impairment was recognised, the previously recognised impairment loss is reversed through 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.

(19) Employee benefits

(i) **Short-term employee benefits and contributions to defined contribution retirement plans**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

Social pension schemes

Pursuant to the relevant laws and regulations in the PRC, the Group has participated in the social pension schemes for the employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Housing fund and other social insurances

In addition to the retirement benefits above, the Group has joined social security contributions schemes for employees pursuant to the relevant laws and regulations of the PRC. These schemes include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances schemes at the applicable rates based on the amounts stipulated by the relevant government authorities. The contributions are charged to profit or loss on an accrual basis.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(19) Employee benefits (Continued)

(ii) **Supplementary retirement benefits**

Early retirement plan

The Group provides early retirement benefit payments to employees who voluntarily agreed to retire early for the period from the date of early retirement to the regulated retirement date. The benefit is discounted to determine the present value based on certain assumptions. The calculation is performed by a qualified actuary using the projected unit credit method.

Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in profit or loss when incurred.

Supplementary retirement plan

The Group provides a supplementary retirement plan to its eligible employees. The Group's obligations in respect of the supplementary retirement plan are calculated by estimating the present value of the total amount of future benefits that the Group is committed to pay to the employees after their retirement. The calculation is performed by a qualified actuary using the projected unit credit method. Such obligations were discounted at the interest yield of government bonds with similar duration at the reporting date. The related service cost and net interest from the retirement plan are recognised in profit or loss, and the actuarial gains and losses arising from remeasurements are recognised in OCI.

Early retirement plan and supplementary retirement plan thereafter collectively referred to as "supplementary retirement benefits". Except for the above mentioned, the Group has no significant responsibilities to pay any other retirement benefits to employees.

(20) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(20) Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(21) Financial guarantees, provisions and contingent liabilities

(i) *Financial guarantees and loan commitments*

Financial guarantees are contracts that require the issuer (the “guarantor”) to make specified payments to reimburse the beneficiary of the guarantee (“holder”) for a loss that the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The deferred income is amortised in profit or loss over the term of the financial guarantee as income.

(ii) *Other provisions and contingent liabilities*

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

For a possible obligation resulting from a past transaction or event whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(22) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

The Group enters into entrusted loan agreements with customers, whereby the customers provide funding ("entrusted funds") to the Group, and the Group grants loans to third parties ("entrusted loans") under instructions of the customers. As the Group does not assume the risks and rewards of the entrusted loans and the corresponding entrusted funds, the entrusted loans and funds are recorded as off-balance sheet items at their principal amount. No provision for impairment loss is made for entrusted loans.

(23) Share capital

The share capital of the Group consists of issued ordinary shares. The direct costs arising from the issuance of new shares are recognised as a deduction from equity.

(24) Income recognition

Specific recognition criteria for different nature of revenue are disclosed below.

(a) Interest income

For all financial instruments measured at amortised cost and interest-generating financial instruments classified as financial assets measured at FVOCI, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, where appropriate, to the gross carrying amount or the amortised cost of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not ECLs.

Interest income is calculated by applying the effective interest rate to the book value of financial assets and is included in interest income, except for:

- (i) For purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit adjusted effective interest rate to their amortised cost; and
- (ii) Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the ECL provision). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(24) Income recognition (Continued)

Specific recognition criteria for different nature of revenue are disclosed below. (Continued)

(b) Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. The fee and commission income recognised by the Group reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to customers, and income is recognised when its performance obligation in contracts is satisfied.

The Group recognises income over time by measuring the progress towards the complete satisfaction of a performance obligation, if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

In other cases, the Group recognises revenue at a point in time at which a customer obtains control of the promised services.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities that are held for trading. It also includes any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting.

(e) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(25) Expenses recognition

(i) Interest expenses

Interest expenses from financial liabilities are accrued on a time proportion basis with reference to the amortised cost and the applicable effective interest rate.

(ii) Other expenses

Other expenses are recognised on an accrual basis.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(26) Dividends

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the end of each reporting period are not recognised as a liability at the end of each reporting period but disclosed separately in the notes to the consolidated financial statements.

(27) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Material accounting policies (Continued)

(28) Segment reporting

Operating segments are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(29) Significant accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of assets such as property and equipment and intangible assets (see Notes 24 and 27(c)) and provision for impairment of various types of assets (see Notes 16, 17, 19, 20, 21(b), 21(c), 22, 24, 26 and 27). Other significant accounting estimates and judgements are as follows:

- Recognition of deferred tax assets (see Note 25);
- Measurement of supplementary retirement benefits payable (see Note 35(a));
- Recognition of equity interest in a structured entity not included in the consolidation scope (see Note 40); and
- Fair value measurements of financial instruments (see Note 46).

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

3 Taxes

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Value-added tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	3%, 6%, 9%, 13%
City maintenance and construction tax	Based on VAT payable	5% – 7%
Education surcharge	Based on VAT payable	3%
Local education surcharge	Based on VAT payable	2%
Corporate income tax	Based on taxable profits	25%

4 Net interest income

	2025	2024
Interest income arising from		
Deposits with the central bank	785,445	747,375
Deposits with banks and other financial institutions	610,537	625,807
Placements with banks and other financial institutions	1,290,572	1,173,908
Loans and advances to customers		
– Corporate loans and advances	18,372,296	19,832,743
– Personal loans and advances	10,486,000	11,558,995
– Discounted bills	188,600	450,103
Financial assets held under resale agreements	554,722	861,252
Financial investments	9,068,865	8,725,471
Lease receivables	4,028,932	4,060,028
Sub-total	45,385,969	48,035,682
Interest expenses arising from		
Borrowing from the central bank	(756,847)	(1,397,341)
Deposits from banks and other financial institutions	(1,022,913)	(779,192)
Placements from banks and other financial institutions	(1,469,068)	(1,749,377)
Deposits from customers	(16,399,776)	(18,616,204)
Financial assets sold under repurchase agreements	(565,384)	(1,077,458)
Debt securities issued	(2,653,151)	(2,873,379)
Sub-total	(22,867,139)	(26,492,951)
Net interest income	22,518,830	21,542,731

The above interest income and expenses are related to financial instruments which are not measured at FVPL.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

5 Net fee and commission income

	2025	2024
Fee and commission income		
Underwriting fees	362,058	314,770
Wealth management business fees	354,058	513,590
Bank card services fees	458,860	535,820
Settlement and clearing services fees	704,922	733,149
Advisory and consulting fees	222,392	264,430
Acceptance and guarantee services fees	193,111	267,896
Agency services fees	194,866	191,197
Custodial services fees	12,878	4,205
Sub-total	2,503,145	2,825,057
Fee and commission expense	(1,055,777)	(1,406,998)
Net fee and commission income	1,447,368	1,418,059

6 Net trading gains

	Note	2025	2024
Net gains from debt securities	(a)	217,451	75,055
Net foreign exchange (losses)/gains	(b)	(117,703)	115,785
Net gains from interest rate swaps		769	990
Total		100,517	191,830

(a) Net gains from debt securities include gains arising from the buying and selling of, and changes in the fair value of debt securities held for trading.

(b) Net foreign exchange (losses)/gains mainly included net (losses)/gains from foreign currency derivatives, the purchase and sale of foreign currency spot, and translation of foreign currency monetary assets and liabilities into RMB.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

7 Net gains arising from investment securities

	Note	2025	2024
Net gains of financial investments at FVPL	(a)	557,603	1,456,752
Net gains of financial investments at FVOCI		590,915	487,344
Net gains of financial investments at amortised cost		1,007,315	559,997
Others		(347)	(243)
Total		2,155,486	2,503,850

(a) Net gains of financial investments at FVPL include the investment income and fair value changes of financial investments at FVPL except for debt securities held for trading.

8 Other operating income

	2025	2024
Government grants	31,921	102,344
Rental income	170,629	55,695
Net gains on disposal of property and equipment	31,019	73,394
Others	51,252	67,363
Total	284,821	298,796

9 Operating expenses

	2025	2024
Staff costs		
– Salaries, bonuses and allowances	4,515,550	4,418,632
– Social insurance and annuity	1,208,203	1,138,785
– Staff welfares	241,377	223,573
– Housing allowances	411,534	412,946
– Employee education expenses and labour union expenses	136,820	155,443
– Supplementary retirement benefits	71,719	56,762
– Others	48,172	62,820
Sub-total	6,633,375	6,468,961
Office expenses	1,151,487	1,153,280
Depreciation and amortisation	1,118,899	1,210,515
Depreciation of right-of-use assets	247,516	309,626
Taxes and surcharges	338,033	378,640
Interest expense on lease liabilities	12,462	23,797
Rental and property management expenses	88,982	67,077
Other general and administrative expenses	910,158	837,664
Total	10,500,912	10,449,560

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

10 Directors', supervisors' and president's emoluments

Directors', supervisors' and president's emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

		2025					
					Emoluments payable (pre-tax)	Contribution by the employer to social insurance and welfare plans and housing allowance	Total
Note	Fees	Salaries	Discretionary bonus				
Executive directors							
Guo Hao	(1)	-	-	-	-	-	-
Zhou Feng	(1)/(3)	-	-	-	-	-	-
Non-executive directors							
Feng Ruofan	(1)	-	-	-	-	-	-
Li Wenqiang	(1)/(3)	-	-	-	-	-	-
Zhang Shu	(1)	40	-	-	40	-	40
Zhang Qiuyun	(1)/(3)	-	-	-	-	-	-
Independent non-executive directors							
Xu Yiguo	(1)	325	-	-	325	-	325
Zhao Zijian	(1)	-	-	-	-	-	-
Wang Maobin	(1)	330	-	-	330	-	330
Pan Xinmin	(1)	370	-	-	370	-	370
Gao Pingyang	(1)	300	-	-	300	-	300
Supervisors							
Zhang Ke	(1)/(3)	-	-	-	-	-	-
Dan Limin	(1)	-	438	355	793	98	891
Wang Xiaoyan	(1)	-	-	-	-	-	-
Yan Yongfu	(1)	-	-	-	-	-	-
Lu Suyue	(1)	20	-	-	20	-	20
Li Xingzhi	(1)	195	-	-	195	-	195
Gu Xiujuan	(1)	150	-	-	150	-	150
Liu Xia	(1)	180	-	-	180	-	180
Former President							
Liu Kai	(1)/(3)	-	-	-	-	-	-
Total		1,910	438	355	2,703	98	2,801

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

10 Directors', supervisors' and president's emoluments (Continued)

Directors', supervisors' and president's emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (Continued)

	2024					
	Fees	Salaries	Discretionary bonus	Emoluments payable (pre-tax)	Contribution by the employer to social insurance and welfare plans and housing allowance	Total
Executive director						
Guo Hao	–	345	390	735	94	829
Non-executive directors						
Zhang Qiuyun	–	–	–	–	–	–
Feng Ruofan	–	–	–	–	–	–
Zhang Shu	20	–	–	20	–	20
Independent non-executive directors						
Xu Yiguo	325	–	–	325	–	325
Zhao Zijian	–	–	–	–	–	–
Wang Maobin	310	–	–	310	–	310
Pan Xinmin	361	–	–	361	–	361
Gao Pingyang	300	–	–	300	–	300
Supervisors						
You Xiang	–	–	–	–	–	–
Zhang Ke	–	–	–	–	–	–
Dan Limin	–	441	660	1,101	94	1,195
Wang Xiaoyan	–	–	–	–	–	–
Yan Yongfu	–	–	–	–	–	–
Lu Suyue	10	–	–	10	–	10
Li Xingzhi	195	–	–	195	–	195
Gu Xiujuan	150	–	–	150	–	150
Liu Xia	190	–	–	190	–	190
Former President						
Liu Kai	–	800	1,818	2,618	94	2,712
Total	1,861	1,586	2,868	6,315	282	6,597

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

10 Directors', supervisors' and president's emoluments (Continued)

Note:

- (1) The final remunerations in 2025 for Mr Guo Hao and Mr Zhou Feng are still pending relevant regulatory approval at the end of the reporting period. The total annual remuneration (including discretionary bonuses) of the other directors, supervisors and the President for the year 2025 has not yet been finalised but is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2025.
- (2) The Bank has ceased to maintain a Supervisory Board effective on 5 January 2026. Pursuant to the Company Law of the PRC and other applicable laws and regulatory requirements, the functions and powers previously vested in the Supervisory Board shall be assumed by the Audit Committee of the Board of Directors. The former members of the Supervisory Board shall no longer serve as supervisors nor hold any positions related to the Supervisory Board.
- (3) On 10 November 2025, the Bank was convened the second Extraordinary General Meeting for 2025 for the appointment of Mr. Zhou Feng as an Executive Director of the third session of the Board of Directors of the Bank. On the same day, Mr. Zhou Feng was elected as the Vice Chairman of the Bank at a meeting of the Board of Directors of the Bank. The qualification of Mr. Zhou Feng to serve as a director and vice chairman was approved by the Henan Office of the NFRA on 4 January 2026.

On 17 April 2025, Ms. Zhang Qiuyun resigned the position of a non-executive director of the Bank and a member of the Strategy and Development Committee of the Board of Directors with effect from 17 April 2025. On 30 June 2025, the Bank convened the 2024 annual general meeting for appointment of Mr. Li Wenqiang as a non-executive director of the third session of the Board of Directors of the Bank. The qualification of Mr. Li Wenqiang to serve as a director was approved by the Henan Office of the NFRA on 8 December 2025.

On 17 April 2025, Mr. Zhang Ke resigned from his positions as the Chairman of the Supervisory Committee, Supervisor, member of the Nomination Committee of the Supervisory Committee and member of the Supervision Committee of the Supervisory Committee with effect from 17 April 2025.

On 17 October 2025, Mr. Liu Kai resigned from the position of the President of the Bank due to work adjustments. Upon approval by the nineteenth meeting of the third session of the Board of Directors of the Bank, Mr. Zhou Feng was appointed as the President of the Bank. The qualification of Mr. Zhou Feng to serve as the President was approved by the Henan Office of the NFRA on 31 December 2025.

There was no amount paid during the years ended 31 December 2025 and 2024 to the directors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join the Group. There was no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

11 Individuals with highest emoluments

For the year ended 31 December 2025, of the five individuals with highest emoluments in the Group, none of them are directors (2024: none). The emoluments for the five highest paid individuals is as follows:

	2025	2024
Salaries and other emoluments	3,960	3,367
Discretionary bonus	1,750	7,337
Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	499	608
Total	6,209	11,312

The individuals' emoluments before individual income tax are within the following bands:

	2025	2024
HKD1,000,001 – 1,500,000	5	–
HKD1,500,001 – 2,000,000	–	–
HKD2,000,001 – 2,500,000	–	3
HKD2,500,001 – 3,000,000	–	2
Total	5	5

12 Impairment losses on assets

	2025	2024
Loans and advances to customers	6,425,103	3,839,781
Financial investments	4,974,957	7,106,081
Credit commitments	161,447	183
Deposits with banks and other financial institutions	3,140	2,004
Placements with banks and other financial institutions	(895)	7,429
Financial assets held under resale agreements	96	(773)
Lease receivables	1,446,472	979,098
Repossessed assets	190,553	(23,698)
Others	514,565	975,505
Total	13,715,438	12,885,610

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

13 Income tax

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Note	2025	2024
Current tax		609,384	347,252
Deferred tax	25(b)	(1,902,871)	(1,066,508)
Total		(1,293,487)	(719,256)

(b) Reconciliation between income tax and accounting profit are as follows:

	Note	2025	2024
Profit before tax		2,282,704	2,750,473
Statutory tax rate		25%	25%
Income tax calculated at statutory tax rate		570,676	687,618
Non-deductible expenses		190,114	72,346
Tax effect of non-taxable income	(i)	(1,465,435)	(1,545,912)
Adjustment for prior years		(60,978)	66,692
Tax effect of utilisation of previously unrecognised deductible losses		(454,327)	–
Others	(ii)	(73,537)	–
Income tax credit		(1,293,487)	(719,256)

- (i) Non-taxable income mainly comprises interest income from government bonds, dividend income received from publicly offered bond funds and dividend income from the Bank's equity investments.
- (ii) Others mainly comprise tax-exempt differences arising from interest expenses on perpetual bonds.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

14 Basic and diluted earnings per share

	Note	2025	2024
Earnings:			
Net profit attributable to equity shareholders of the Bank		3,588,598	3,445,905
Less: Profit for the year attributable to other equity instruments holders of the Bank		(652,000)	(652,000)
Net profit attributable to ordinary shareholders of the Bank		2,936,598	2,793,905
Shares:			
Weighted average number of ordinary shares (in thousands)	(i)	36,549,823	36,549,823
Basic and diluted earnings per share attributable to ordinary shareholders of the Bank (in RMB)		0.08	0.08

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

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

	2025	2024
Number of ordinary shares as at 1 January	36,549,823	36,549,823
Addition for the year	–	–
Weighted average number of ordinary shares	36,549,823	36,549,823

15 Cash and deposits with the central bank

	Note	2025	2024
Cash on hand		2,119,587	1,812,703
Deposits with the central bank			
– Statutory deposit reserves	(a)	48,360,863	43,575,754
– Surplus deposit reserves	(b)	7,173,506	18,888,157
– Fiscal deposits	(c)	929,742	1,529,040
Sub-total		56,464,111	63,992,951
Accrued interest		24,068	22,778
Total		58,607,766	65,828,432

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

15 Cash and deposits with the central bank (Continued)

- (a) The Group places statutory deposit reserves with the PBOC in accordance with relevant regulations. As at 31 December 2025 and 2024, the statutory deposit reserve ratios applicable to the Bank were as follows:

	2025	2024
Reserve ratio for RMB deposits	5.00%	5.00%
Reserve ratio for foreign currency deposits	4.00%	4.00%

The above statutory deposit reserves are not available for the Bank's daily business. The subsidiaries of the Bank are required to place statutory RMB deposits reserve at rates determined by the PBOC.

- (b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.
- (c) The fiscal deposits arise from fiscal institution and place in the PBOC in accordance with relevant regulations. The fiscal deposits are not available for the Bank's daily business.

16 Deposits with banks and other financial institutions

Analysed by type and location of counterparty

	2025	2024
Deposits in mainland China		
– Banks	31,554,272	15,754,474
– Other financial institutions	4,126,444	4,603,653
Sub-total	35,680,716	20,358,127
Deposits outside mainland China		
– Banks	847,814	1,711,851
Total	36,528,530	22,069,978
Accrued interest	37,765	52,501
Less: Provision for impairment losses	(10,765)	(7,635)
Net carrying amount	36,555,530	22,114,844

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

17 Placements with banks and other financial institutions

Analysed by type and location of counterparty

	2025	2024
Placements in mainland China		
– Banks	424,934	929,721
– Other financial institutions	51,374,958	42,124,958
Total	51,799,892	43,054,679
Accrued interest	443,088	495,001
Less: Provision for impairment losses	(28,674)	(29,577)
Net carrying amount	52,214,306	43,520,103

18 Derivative financial instruments

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, commodity price, foreign exchange rate, or other similar variables. The Group uses derivative financial instruments mainly including foreign exchange forwards and interest rate swaps.

The notional amount of a derivative represents the amount of an underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

	Notional amount	2025 Fair value	
		Assets	Liabilities
Interest rate swaps	1,540,000	2,384	2,862
Foreign exchange forwards	2,460,080	54,602	–
Total	4,000,080	56,986	2,862

	Notional amount	2024 Fair value	
		Assets	Liabilities
Interest rate swaps	3,980,000	21,565	24,301
Foreign exchange forwards	7,044,632	–	149,929
Total	11,024,632	21,565	174,230

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

19 Financial assets held under resale agreements

(a) Analysed by type and location of counterparty

	2025	2024
In mainland China		
– Banks	13,843,695	8,299,750
– Other financial institutions	24,710,481	15,492,980
Total	38,554,176	23,792,730
Accrued interest	9,079	7,663
Less: Provision for impairment losses	(3,036)	(2,942)
Net carrying amount	38,560,219	23,797,451

(b) Analysed by type of collateral

	2025	2024
Debt securities	38,554,176	23,792,730
Accrued interest	9,079	7,663
Less: Provision for impairment losses	(3,036)	(2,942)
Net carrying amount	38,560,219	23,797,451

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers

(a) Analysed by nature

	2025	2024
Measured at amortised cost:		
Corporate loans and advances	397,620,215	389,407,337
Personal loans and advances		
– Residential mortgage	126,939,852	123,407,039
– Personal consumption loans	55,865,104	51,410,888
– Personal business loans	71,624,046	69,936,536
– Others	18,538,031	20,624,178
Sub-total	272,967,033	265,378,641
Accrued interest	6,691,614	5,197,970
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(23,897,029)	(21,808,030)
Sub-total	653,381,833	638,175,918
Measured at FVOCI:		
Corporate loans and advances	24,218,130	20,417,031
Discounted bills	39,099,756	39,252,247
Sub-total	63,317,886	59,669,278
Net loans and advances to customers	716,699,719	697,845,196

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers (Continued)

(b) Analysed by economic sector

	2025		
	Amount	Percentage	Pledged and collateralised loans and advances
Renting and business activities	147,707,653	20.13%	51,547,926
Manufacturing	56,740,472	7.73%	11,820,245
Construction	43,525,041	5.93%	20,015,437
Wholesale and retail trade	43,342,664	5.91%	14,847,807
Water, environment and public utility	30,950,759	4.22%	13,946,617
Real estate	25,002,094	3.41%	18,598,813
Production and supply of electric power, gas and water	18,570,207	2.53%	7,059,423
Health and social work	10,432,412	1.42%	2,702,330
Mining	9,777,884	1.33%	1,463,188
Transportation, storage and postal services	7,383,179	1.01%	2,543,787
Education	6,914,265	0.94%	2,549,695
Scientific research and technical services	4,982,749	0.68%	2,141,916
Others	16,508,966	2.24%	7,584,521
Sub-total of corporate loans and advances	421,838,345	57.48%	156,821,705
Personal loans and advances	272,967,033	37.19%	197,984,390
Discounted bills	39,099,756	5.33%	33,173,624
Gross loans and advances to customers	733,905,134	100.00%	387,979,719

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers (Continued)

(b) Analysed by economic sector (Continued)

	2024		Pledged and collateralised loans and advances
	Amount	Percentage	
Renting and business activities	148,291,318	20.76%	44,284,097
Manufacturing	50,607,861	7.08%	12,153,139
Wholesale and retail trade	43,096,403	6.03%	14,568,321
Construction	42,267,774	5.92%	20,216,093
Real estate	28,180,236	3.94%	20,500,409
Water, environment and public utility	28,080,853	3.93%	11,737,421
Production and supply of electric power, gas and water	15,825,633	2.22%	4,766,365
Mining	7,901,805	1.11%	1,204,782
Education	7,635,930	1.07%	4,138,404
Transportation, storage and postal services	6,848,486	0.96%	2,234,214
Agriculture, forestry, animal husbandry and fishery	5,344,257	0.75%	1,669,039
Accommodation and catering	2,479,829	0.35%	1,610,401
Others	23,263,983	3.24%	9,908,584
Sub-total of corporate loans and advances	409,824,368	57.36%	148,991,269
Personal loans and advances	265,378,641	37.14%	194,828,821
Discounted bills	39,252,247	5.50%	27,813,088
Gross loans and advances to customers	714,455,256	100.00%	371,633,178

(c) Analysed by type of security

	2025	2024
Unsecured loans	163,652,749	160,325,991
Guaranteed loans	182,272,666	182,496,087
Collateralised loans	287,700,940	282,307,236
Pledged loans	100,278,779	89,325,942
Gross loans and advances to customers	733,905,134	714,455,256
Accrued interest	6,691,614	5,197,970
Less: Provision for impairment losses on loans and advances to customers measured at amortised cost	(23,897,029)	(21,808,030)
Net loans and advances to customers	716,699,719	697,845,196

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers (Continued)

(d) Overdue loans analysed by overdue period

	2025				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	1,371,181	1,221,523	1,356,286	633,736	4,582,726
Guaranteed loans	4,014,538	553,605	1,516,538	1,198,424	7,283,105
Collateralised loans	9,306,925	1,395,363	2,272,971	2,173,113	15,148,372
Pledged loans	1,408,380	18,748	201,413	23,962	1,652,503
Total	16,101,024	3,189,239	5,347,208	4,029,235	28,666,706
As a percentage of gross loans and advances to customers	2.20%	0.43%	0.73%	0.55%	3.91%

	2024				Total
	Overdue within three months (inclusive)	Overdue more than three months to one year (inclusive)	Overdue more than one year to three years (inclusive)	Overdue more than three years	
Unsecured loans	734,730	1,535,641	1,394,707	323,520	3,988,598
Guaranteed loans	6,493,598	1,620,462	1,481,683	869,035	10,464,778
Collateralised loans	7,707,284	2,257,088	2,548,846	1,323,867	13,837,085
Pledged loans	704,538	204,029	36,545	14,881	959,993
Total	15,640,150	5,617,220	5,461,781	2,531,303	29,250,454
As a percentage of gross loans and advances to customers	2.19%	0.79%	0.76%	0.35%	4.09%

Overdue loans represented loan, of which the whole or part of the principal or interest were overdue for one day or more.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers (Continued)

(e) Loans and advances and provision for impairment losses

	2025			Total
	Loans and advances that are assessed for 12-month ECLs	Loans and advances that are not credit-impaired and assessed for lifetime ECLs	Credit-impaired loans and advances that are assessed for lifetime ECLs	
Total loans and advances to customers measured at amortised cost	626,048,542	30,147,977	14,390,729	670,587,248
Accrued interest	6,691,614	–	–	6,691,614
Less: Provision for impairment losses	(7,819,042)	(6,056,017)	(10,021,970)	(23,897,029)
Carrying amount of loans and advances to customers measured at amortised cost	624,921,114	24,091,960	4,368,759	653,381,833
Carrying amount of loans and advances to customers measured at FVOCI	63,317,886	–	–	63,317,886
Total carrying amount of loans and advances to customers	688,239,000	24,091,960	4,368,759	716,699,719
	2024			
	Loans and advances that are assessed for 12-month ECLs	Loans and advances that are not credit-impaired and assessed for lifetime ECLs	Credit-impaired loans and advances that are assessed for lifetime ECLs	Total
Total loans and advances to customers measured at amortised cost	617,325,139	23,002,802	14,458,037	654,785,978
Accrued interest	5,197,970	–	–	5,197,970
Less: Provision for impairment losses	(5,962,388)	(4,072,913)	(11,772,729)	(21,808,030)
Carrying amount of loans and advances to customers measured at amortised cost	616,560,721	18,929,889	2,685,308	638,175,918
Carrying amount of loans and advances to customers measured at FVOCI	59,669,278	–	–	59,669,278
Total carrying amount of loans and advances to customers	676,229,999	18,929,889	2,685,308	697,845,196

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers (Continued)

(f) Movements of provision for impairment losses

- (i) Movements of provision for impairment losses on loans and advances to customers measured at amortised cost:

	2025			Total
	Loans and advances that are assessed for 12-month ECLs	Loans and advances that are not credit-impaired and assessed for lifetime ECLs	Credit-impaired loans and advances that are assessed for lifetime ECLs	
As at 1 January 2025	5,962,388	4,072,913	11,772,729	21,808,030
Transfers:				
– to 12-month ECLs	2,278,800	(1,349,457)	(929,343)	–
– to lifetime ECLs:				
– not credit-impaired loans	(260,271)	985,574	(725,303)	–
– credit-impaired loans	(54,070)	(428,727)	482,797	–
(Release)/charge for the year	(107,805)	2,775,714	4,357,562	7,025,471
Recoveries	–	–	650,015	650,015
Write-offs and disposals	–	–	(5,357,977)	(5,357,977)
Others	–	–	(228,510)	(228,510)
As at 31 December 2025	7,819,042	6,056,017	10,021,970	23,897,029

	2024			Total
	Loans and advances that are assessed for 12-month ECLs	Loans and advances that are not credit-impaired and assessed for lifetime ECLs	Credit-impaired loans and advances that are assessed for lifetime ECLs	
As at 1 January 2024	6,304,298	4,174,994	11,331,374	21,810,666
Transfers:				
– to 12-month ECLs	1,682,631	(1,184,890)	(497,741)	–
– to lifetime ECLs:				
– not credit-impaired loans	(791,490)	1,009,853	(218,363)	–
– credit-impaired loans	(210,730)	(656,125)	866,855	–
(Release)/charge for the year	(1,016,799)	837,631	3,867,869	3,688,701
Recoveries	–	–	682,883	682,883
Write-offs and disposals	–	–	(4,196,353)	(4,196,353)
Loss of control of a subsidiary	(5,522)	(108,550)	(63,795)	(177,867)
As at 31 December 2024	5,962,388	4,072,913	11,772,729	21,808,030

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

20 Loans and advances to customers (Continued)

(f) Movements of provision for impairment losses (Continued)

(ii) Movements of provision for impairment losses on loans and advances to customers measured at FVOCI:

	2025			Total
	Loans and advances that are assessed for 12-month ECLs	Loans and advances that are not credit-impaired and assessed for lifetime ECLs	Credit-impaired loans and advances that are assessed for lifetime ECLs	
As at 1 January 2025	605,647	–	–	605,647
Release for the year	(600,368)	–	–	(600,368)
As at 31 December 2025	5,279	–	–	5,279

	2024			Total
	Loans and advances that are assessed for 12-month ECLs	Loans and advances that are not credit-impaired and assessed for lifetime ECLs	Credit-impaired loans and advances that are assessed for lifetime ECLs	
As at 1 January 2024	454,567	–	–	454,567
Charge for the year	151,080	–	–	151,080
As at 31 December 2024	605,647	–	–	605,647

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Financial investments

	Note	2025	2024
Financial investments at FVPL	(a)	55,528,451	84,936,843
Financial investments at FVOCI	(b)	109,535,351	89,322,558
Financial investments at amortised cost	(c)	245,936,055	239,593,383
Total		410,999,857	413,852,784

(a) Financial investments at FVPL

	2025	2024
Debt securities		
– Government	1,805,318	6,151,619
– Policy banks	5,337,380	848,218
– Banks and other financial institutions	31,919,109	24,891,942
Sub-total	39,061,807	31,891,779
Investment management products under public funds	15,786,311	49,184,578
Investment management products managed by securities companies	–	3,220,736
Investment management products managed by trust plans	43,490	43,558
Sub-total	15,829,801	52,448,872
Equity investments	636,843	596,192
Total	55,528,451	84,936,843
Analysed into:		
Debt securities:		
Listed	1,805,318	6,151,619
Unlisted	37,256,489	25,740,160
Sub-total	39,061,807	31,891,779
Funds and other investments:		
Unlisted	15,829,801	52,448,872
Equity investments:		
Listed	33,729	24,278
Unlisted	603,114	571,914
Total	55,528,451	84,936,843

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Financial investments (Continued)

(b) Financial investments at FVOCI

	Note	2025	2024
Debt securities	(i)		
– Government		47,881,607	40,691,109
– Policy banks		26,313,555	18,107,251
– Banks and other financial institutions		26,639,822	24,908,940
– Corporate		7,503,074	4,638,921
Sub-total		108,338,058	88,346,221
Accrued interest		1,074,335	821,283
Equity investments	(ii)	122,958	155,054
Total		109,535,351	89,322,558
Analysed into:			
Debt securities:			
Listed		49,697,286	41,995,088
Unlisted		59,715,107	47,172,416
Sub-total		109,412,393	89,167,504
Equity investments:			
Unlisted		122,958	155,054
Total		109,535,351	89,322,558

(i) As at the end of the reporting period, certain debt securities were pledged for repurchase agreements (Note 28(a)). No other investment was subject to material restrictions in the realisation.

(ii) The Group designates non-trading equity investments as financial investments at FVOCI. The Group did not dispose of any such equity investment, nor transfer any cumulative gain or loss from OCI to retained earnings during the reporting period.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Financial investments (Continued)

(b) Financial investments at FVOCI (Continued)

(iii) Movements of provision for impairment losses on financial investments at FVOCI are as follows:

	2025			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2025	21,680	–	–	21,680
Charge for the year	33,986	–	–	33,986
Balance at 31 December 2025	55,666	–	–	55,666

	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2024	19,239	–	–	19,239
Charge for the year	2,441	–	–	2,441
Balance at 31 December 2024	21,680	–	–	21,680

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Financial investments (Continued)

(c) Financial investments at amortised cost

	Note	2025	2024
Debt securities	(i)		
– Government		157,765,007	149,301,304
– Policy banks		66,307,612	62,658,119
– Banks and other financial institutions		2,335,272	602,000
– Corporate		7,447,805	6,504,398
Sub-total		233,855,696	219,065,821
Investment management products under trust plans		25,573,104	28,599,558
Private debt financing plans		3,430,658	4,318,800
Investment fund managed by private fund manager		631,756	1,726,450
Investment management products managed by securities companies		357,410	357,410
Others		865,000	600,000
Sub-total		30,857,928	35,602,218
Accrued interest		2,986,654	2,819,686
Less: Provision for impairment losses	(ii)	(21,764,223)	(17,894,342)
Total		245,936,055	239,593,383
Analysed into:			
Debt securities:			
Listed		160,069,545	150,955,261
Unlisted		73,974,411	68,926,951
Sub-total		234,043,956	219,882,212
Other investments:			
Unlisted		11,892,099	19,711,171
Total		245,936,055	239,593,383

- (i) As at the end of the reporting period, certain debt securities were pledged for repurchase agreements (Note 28(a)). No other investment was subject to material restrictions in the realisation.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

21 Financial investments (Continued)

(c) Financial investments at amortised cost (Continued)

- (ii) Movements of provision for impairment losses on financial investments at amortised cost are as follows:

	2025			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2025	334,016	21,468	17,538,858	17,894,342
Transfers:				
– to lifetime ECLs:				
– not credit-impaired	(17,094)	17,094	–	–
– credit-impaired	(84,033)	(13,872)	97,905	–
(Release)/charge for the year	(114,158)	488,407	4,566,722	4,940,971
Recoveries	–	–	7,246	7,246
Write-offs and disposal	–	–	(852,125)	(852,125)
Others	–	–	(226,211)	(226,211)
Balance at 31 December 2025	118,731	513,097	21,132,395	21,764,223
	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2024	214,323	97,480	11,647,248	11,959,051
Transfers:				
– to 12-month ECLs	19,233	(19,233)	–	–
– to lifetime ECLs:				
– not credit-impaired	(6,808)	14,466	(7,658)	–
– credit-impaired	(23,603)	(32,166)	55,769	–
Charge/(release) for the year	130,871	(39,079)	7,011,848	7,103,640
Recoveries	–	–	232,363	232,363
Write-offs and disposal	–	–	(1,400,712)	(1,400,712)
Balance at 31 December 2024	334,016	21,468	17,538,858	17,894,342

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

22 Lease receivables

	Note	2025	2024
Minimum finance lease receivables	(i)	10,029,040	10,658,155
Less: unearned finance lease income	(i)	(1,387,061)	(2,391,750)
Present value of finance lease receivables	(i)	8,641,979	8,266,405
Receivables from sale-and-leaseback transactions		62,498,297	62,719,287
Sub-total		71,140,276	70,985,692
Less: provision for impairment losses	(ii)	(3,930,989)	(2,776,832)
Carrying amount		67,209,287	68,208,860

(i) Finance lease receivables, unearned finance lease income and minimum finance lease receivables analysed by remaining period are listed as follows:

	2025		
	Minimum finance lease receivables	Unearned finance lease income	Present value of finance lease receivables
Within 1 year	734,177	(4,571)	729,606
1 year to 2 years	1,409,617	(76,247)	1,333,370
2 years to 3 years	1,833,061	(144,853)	1,688,208
3 years to 5 years	2,892,145	(322,525)	2,569,620
More than 5 years	3,160,040	(838,865)	2,321,175
Total	10,029,040	(1,387,061)	8,641,979
	2024		
	Minimum finance lease receivables	Unearned finance lease income	Present value of finance lease receivables
Within 1 year	241,244	(9,332)	231,912
1 year to 2 years	418,317	(32,447)	385,870
2 years to 3 years	1,887,316	(155,485)	1,731,831
3 years to 5 years	2,762,603	(328,751)	2,433,852
More than 5 years	5,348,675	(1,865,735)	3,482,940
Total	10,658,155	(2,391,750)	8,266,405

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

22 Lease receivables (Continued)

(ii) Movements of provision for impairment losses:

	2025			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2025	1,240,906	927,791	608,135	2,776,832
Transfers:				
– to 12-month ECLs	119	(119)	–	–
– to lifetime ECLs:				
– not credit-impaired	(65,217)	65,217	–	–
– credit-impaired	(38,553)	(422,135)	460,688	–
(Release)/charge for the year	(85,768)	893,962	638,278	1,446,472
Recoveries	–	–	278,578	278,578
Write-offs	–	–	(570,893)	(570,893)
Balance at 31 December 2025	1,051,487	1,464,716	1,414,786	3,930,989
	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2024	1,190,670	376,920	924,289	2,491,879
Transfers:				
– to 12-month ECLs	1,068	(1,068)	–	–
– to lifetime ECLs:				
– not credit-impaired	(13,536)	13,536	–	–
– credit-impaired	(312)	(3,983)	4,295	–
Charge for the year	63,016	542,386	373,696	979,098
Recoveries	–	–	265,892	265,892
Write-offs	–	–	(960,037)	(960,037)
Balance at 31 December 2024	1,240,906	927,791	608,135	2,776,832

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

23 Investments in subsidiaries, associate and joint venture

(a) Investments in subsidiaries

The Group's subsidiaries as at the end of the reporting period are as follows:

Name	Note	The Bank's carrying amount		Percentage of equity interest		Voting rights		Registered capital		Establishment date	Place of registration	Business sector
		2025	2024	2025	2024	2025	2025	%	RMB million			
AB Leasing Co., Ltd. ("邦銀金融租賃股份有限公司")	(iii)	4,525,199	4,525,199	90.00	90.00	90.00	3,000.00	16 August 2013	Zhengzhou, Henan Province	Leasing		
BOL Financial Leasing Co., Ltd. ("洛銀金融租賃股份有限公司")	(iii)	2,228,739	2,228,739	57.50	57.50	57.50	2,000.00	18 December 2014	Luoyang, Henan Province	Leasing		
Xiping Zhongyuan County Bank Co., Ltd. ("西平中原村鎮銀行股份有限公司")	(i)/(iii)	176,686	176,686	43.69	43.69	67.64	208.52	17 December 2009	Zhumadian, Henan Province	Banking		
Xinyang Pingqiao Zhongyuan County Bank Co., Ltd. ("信陽平橋中原村鎮銀行股份有限公司")	(iii)	38,341	38,341	51.73	51.73	51.73	89.95	13 December 2010	Xinyang, Henan Province	Banking		
Qixian Zhongyuan County Bank Co., Ltd. ("淇縣中原村鎮銀行股份有限公司")	(iii)	41,531	41,531	51.00	51.00	51.00	50.00	23 December 2010	Hebi, Henan Province	Banking		
Xinxiang Zhongyuan County Bank Co., Ltd. ("新鄉中原村鎮銀行股份有限公司")	(iii)	150,306	150,306	78.46	78.46	78.46	130.00	23 March 2010	Xinxiang, Henan Province	Banking		
Linzhou Zhongyuan County Bank Co., Ltd. ("林州中原村鎮銀行股份有限公司")	(iii)	29,771	29,771	51.00	51.00	51.00	75.00	30 September 2011	Linzhou, Henan Province	Banking		
Puyang Zhongyuan County Bank Co., Ltd. ("濮陽中原村鎮銀行股份有限公司")	(ii)/(iii)	-	30,736	-	51.00	-	58.75	16 March 2012	Puyang, Henan Province	Banking		
Xiangcheng Zhongyuan County Bank Co., Ltd. ("襄城中原村鎮銀行股份有限公司")	(ii)/(iii)	-	38,044	-	51.00	-	61.00	27 October 2011	Xuchang, Henan Province	Banking		
Suiping Zhongyuan County Bank Co., Ltd. ("遂平中原村鎮銀行股份有限公司")	(iii)	35,084	35,084	51.02	51.02	51.02	56.15	12 March 2012	Zhumadian, Henan Province	Banking		
Jiaxian Guangtian County Bank Co., Ltd. ("郟縣廣天村鎮銀行股份有限公司")	(ii)/(iii)	-	57,360	-	51.28	-	78.00	23 October 2009	Pingdingshan, Henan Province	Banking		
Henan Luanchuan Minfeng County Bank Co., Ltd. ("河南樂川民豐村鎮銀行股份有限公司")	(ii)/(iii)	-	180,854	-	30.33	-	152.40	12 June 2008	Luanchuan, Henan Province	Banking		
Mengjin Minfeng County Bank Co., Ltd. ("孟津民豐村鎮銀行股份有限公司")	(ii)/(iii)	-	140,376	-	34.58	-	150.00	23 November 2011	Mengjin, Henan Province	Banking		
Luohe Yancheng Zhongyuan County Bank Co., Ltd. ("漯河郟城中原村鎮銀行有限責任公司")	(iii)	245,201	245,201	51.00	51.00	51.00	300.00	12 July 2011	Luohe, Henan Province	Banking		
Sub-total		7,470,858	7,918,228									
Less: Impairment losses on investments in subsidiaries		-	(57,360)									
Total		7,470,858	7,860,868									

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

23 Investments in subsidiaries, associate and joint venture (Continued)

(a) Investments in subsidiaries (Continued)

Note:

- (i) As at 31 December 2025 and 2024, the Bank holds 43.69% of equity interest of Xiping Zhongyuan County Bank Co., Ltd. (“Xiping Zhongyuan”). According to the concerted action arrangement between the Bank and other shareholders, as at 31 December 2025, the voting rights ratio of the Bank for Xiping Zhongyuan is 67.64% (2024: 67.64%), the above county bank is deemed to be controlled by the Bank.
- (ii) On 30 December 2025, the Bank received the approval for the merger by absorption of Henan Luanchuan Minfeng County Bank, from the Luoyang NFRA (Approval No. LuoJinFu [2025] 148); the approval for the merger by absorption of Mengjin Minfeng County Bank, from the Luoyang NFRA (Approval No. LuoJinFu [2025] 147); the approval for the merger by absorption of Puyang Zhongyuan County Bank, from the Puyang NFRA (Approval No. PuJinFu [2025] 51); the approval for the merger by absorption of Jiaxian Guangtian County Bank, from the Pingdingshan NFRA (Approval No. PingJinFu [2025] 73); the approval for the merger by absorption of Xiangcheng Zhongyuan County Bank, from the Xuchang NFRA (Approval No. XuJinFu [2025] 132). The Bank completed the merger by absorption of Henan Luanchuan Minfeng County Bank Co., Ltd., Mengjin Minfeng County Bank Co., Ltd., Puyang Zhongyuan County Bank Co., Ltd., Jiaxian Guangtian County Bank Co., Ltd, and Xiangcheng Zhongyuan County Bank Co., Ltd. by way of cash consideration, and converted them into branches of the Bank.
- (iii) Except for Luohe Yancheng Zhongyuan County Bank Co., Ltd., which is a limited liability company incorporated under the laws of the PRC, all other subsidiaries of the Group are joint stock companies.

(b) Investment in associate

	Note	2025	2024
Investment in associate	(i)	–	257,172

- (i) Shenzhen Nanshan Baosheng County Bank Co., Ltd. (“Nanshan Baosheng”) is an associate in which the Bank has significant influence and a 42.05% ownership interest. Nanshan Baosheng is not publicly listed.

Name	Percentages of voting rights		Place of registration	Business sector
	2025	2024		
Nanshan Baosheng	42.05%	42.05%	Nanshan, Shenzhen, China	Banking

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

23 Investments in subsidiaries, associate and joint venture (Continued)

(b) Investment in associate (Continued)

The following table illustrates the aggregate information of the Bank's associate:

	2025	2024
Aggregate carrying amount of the associate in the consolidated statements of financial position of the Bank	–	257,172
Fair value of interest in associate upon loss of control of a subsidiary	N/A	374,624
Aggregate amounts of the Bank's share of results of the associate		
– Loss from continuing operations	(256,511)	(117,351)
– OCI	(661)	(101)
– Total comprehensive income	(257,172)	(117,452)

(c) Investment in joint venture

	Note	2025	2024
Investment in joint venture	(i)	2,038,819	1,790,276

- (i) Henan Zhongyuan Consumer Finance Co., Ltd. ("Consumer Finance") is a joint venture in which the Bank has joint control and a 49.25% ownership interest. Consumer Finance is not publicly listed.

Name	Percentages of equity/voting rights		Place of incorporation/ registration	Business sector
	2025	2024		
Consumer Finance	49.25%	49.25%	Zhengzhou, Henan Province, China	Consumer credit

The following table illustrates the aggregate information of the Bank's joint venture:

	2025	2024
Aggregate carrying amount of the joint venture in the consolidated statements of financial position of the Bank	2,038,819	1,790,276
Aggregate amounts of the Bank's share of results of the joint venture		
– Profits from continuing operations	248,543	247,728
– Total comprehensive income	248,543	247,728

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

24 Property and equipment

	Premises	Investment properties	Electronic equipment	Motor vehicles	Office equipment & others	Construction in progress	Total
Cost							
As at 1 January 2024	8,962,758	36,552	1,765,550	34,829	629,707	1,803,736	13,233,132
Additions	372,713	–	114,990	2,318	883,399	252,664	1,626,084
Disposals	(316,069)	(267)	(142,306)	(11,123)	(42,096)	(2,238)	(514,099)
Transfers out of construction in progress	–	–	–	–	–	(302,156)	(302,156)
Loss of control of a subsidiary	–	–	(13,008)	(2,027)	(2,072)	–	(17,107)
As at 31 December 2024 and 1 January 2025	9,019,402	36,285	1,725,226	23,997	1,468,938	1,752,006	14,025,854
Additions	718,211	–	190,838	1,607	616,473	90,664	1,617,793
Disposals	(86,137)	(2,850)	(187,363)	(9,127)	(69,626)	–	(355,103)
Transfers out of construction in progress	–	–	–	–	–	(639,516)	(639,516)
As at 31 December 2025	9,651,476	33,435	1,728,701	16,477	2,015,785	1,203,154	14,649,028
Accumulated depreciation							
As at 1 January 2024	(3,486,663)	(13,439)	(1,452,430)	(25,670)	(495,726)	–	(5,473,928)
Additions	(509,641)	(2,620)	(196,143)	(8,466)	(59,712)	–	(776,582)
Disposals	181,073	259	136,197	10,660	41,224	–	369,413
Loss of control of a subsidiary	–	–	10,877	1,744	1,337	–	13,958
As at 31 December 2024 and 1 January 2025	(3,815,231)	(15,800)	(1,501,499)	(21,732)	(512,877)	–	(5,867,139)
Additions	(521,098)	(2,552)	(105,717)	(1,717)	(73,938)	–	(705,022)
Disposals	81,962	2,489	158,446	8,884	68,224	–	320,005
As at 31 December 2025	(4,254,367)	(15,863)	(1,448,770)	(14,565)	(518,591)	–	(6,252,156)
Impairment							
As at 1 January 2024	(6,620)	–	(491)	(229)	(1,681)	–	(9,021)
Additions	(2,734)	–	–	(13)	(75)	–	(2,822)
Disposals	201	–	77	–	164	–	442
As at 31 December 2024 and 1 January 2025	(9,153)	–	(414)	(242)	(1,592)	–	(11,401)
Additions	–	–	–	–	–	(22,916)	(22,916)
Disposals	167	–	133	222	511	–	1,033
As at 31 December 2025	(8,986)	–	(281)	(20)	(1,081)	(22,916)	(33,284)
Net book value							
As at 31 December 2025	5,388,123	17,572	279,650	1,892	1,496,113	1,180,238	8,363,588
As at 31 December 2024	5,195,018	20,485	223,313	2,023	954,469	1,752,006	8,147,314

The carrying amount of the premises with incomplete title deeds as at 31 December 2025 was RMB3,110.94 million (2024: RMB3,437.48 million). The Group is still in the progress of application for the outstanding title deeds for these premises. The Group expects that there would be no significant cost in obtaining the title deeds.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

24 Property and equipment (Continued)

The net book values of premises as at 31 December are analysed by the remaining terms of the leases as follows:

	2025	2024
Held in mainland China		
– Long-term leases (over 50 years)	587,077	787,088
– Medium-term leases (10 – 50 years)	4,401,468	4,000,925
– Short-term leases (less than 10 years)	399,578	407,005
Total	5,388,123	5,195,018

25 Deferred tax assets

(a) Analysed by nature

	2025		2024	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets/(liabilities):				
Provision for impairment losses	55,383,556	13,845,889	47,147,376	11,786,844
Accrued staff cost payable	1,904,788	476,197	2,703,440	675,860
Supplementary retirement benefits	57,232	14,308	343,180	85,795
Fair value changes of financial assets	(130,152)	(32,538)	(2,395,412)	(598,853)
Assets appraisal and related depreciation	(3,167,368)	(791,842)	(3,582,816)	(895,704)
Others	945,928	236,482	776,804	194,201
Net balances	54,993,984	13,748,496	44,992,572	11,248,143

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

25 Deferred tax assets (Continued)

(b) Movements of deferred tax assets

	Provision for impairment losses	Staff cost payable	Supplementary retirement benefits	Fair value changes of financial assets	Deferred income	Assets appraisal and related depreciation	Deductible losses	Others	Net balance of deferred tax assets
As at 1 January 2024	10,345,272	569,681	65,158	(107,937)	(25,254)	(1,039,328)	824,552	164,934	10,797,078
Recognised in profit or loss	1,622,146	109,472	20,637	(59,340)	13,319	143,624	(755,255)	(28,095)	1,066,508
Recognised in OCI	(156,767)	-	-	(432,644)	-	-	-	-	(589,411)
Loss of control of a subsidiary	(23,807)	(3,293)	-	1,068	-	-	-	-	(26,032)
As at 31 December 2024 and 1 January 2025	11,786,844	675,860	85,795	(598,853)	(11,935)	(895,704)	69,297	136,839	11,248,143
Recognised in profit or loss	1,917,469	(199,663)	(71,487)	110,409	105,618	103,862	(69,297)	5,960	1,902,871
Recognised in OCI	141,576	-	-	455,906	-	-	-	-	597,482
As at 31 December 2025	13,845,889	476,197	14,308	(32,538)	93,683	(791,842)	-	142,799	13,748,496

26 Goodwill

Goodwill

Cost:

At 1 January 2024, 31 December 2024 and 31 December 2025 1,982,050

Accumulated impairment losses:

At 1 January 2024, 31 December 2024 and 31 December 2025 -

Carrying amount:

At 31 December 2024 and 31 December 2025 1,982,050

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

26 Goodwill (Continued)

Impairment testing on goodwill

For the purpose of impairment testing, goodwill has been allocated to three individual CGUs, including corporate banking, retail banking and financial markets business. The carrying amounts of goodwill at the end of the reporting period allocated to these units are as follows:

	2025	2024
Corporate banking	1,432,016	1,432,016
Retail banking	426,501	426,501
Financial markets business	123,533	123,533
Total	1,982,050	1,982,050

The recoverable amounts of corporate banking unit, retail banking unit and financial markets business unit have been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and the discount rate at 31 December 2025. Cash flows beyond five-year period are extrapolated using an estimated weighted average growth rate. The cash flows are discounted using a discount rate which is used are pre-tax and reflect specific risks relating to the CGUs.

At the end of the reporting period, the directors of the Bank determine that there is no impairment of any of its CGUs containing goodwill.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of these CGUs to exceed its recoverable amount.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

27 Other assets

	Note	2025	2024
Interest receivable	(a)	1,851,186	1,848,781
Repossessed assets	(b)	1,030,798	1,313,824
Intangible assets	(c)	969,234	1,063,969
Land use rights		898,058	881,258
Other right-of-use assets	(d)	498,128	476,621
Leasehold improvements		224,129	276,712
Prepaid income tax		11,770	16,733
Other receivables		1,773,455	704,885
Total		7,256,758	6,582,783

(a) Interest receivable

	2025	2024
Interest receivable arising from:		
Financial investments	790,552	995,333
Loans and advances to customers	2,133,254	1,606,389
Total	2,923,806	2,601,722
Less: Provision for impairment losses	(1,072,620)	(752,941)
Net carrying amount	1,851,186	1,848,781

Interest receivable only includes interest that has been due for the relevant financial instruments but not yet received at the end of the reporting period. Interest on financial instruments based on the effective interest method has been reflected in the balance of corresponding financial instruments.

(b) Repossessed assets

	2025	2024
Repossessed assets	2,046,791	2,166,853
Less: Provision for impairment losses	(1,015,993)	(853,029)
Net carrying amount	1,030,798	1,313,824

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

27 Other assets (Continued)

(c) Intangible assets

	Leasing license	Computer software	Total
Cost			
As at 1 January 2024	357,880	2,166,823	2,524,703
Additions	–	201,362	201,362
Disposals	–	(29,416)	(29,416)
Loss of control of a subsidiary	–	(3,102)	(3,102)
As at 31 December 2024 and 1 January 2025	357,880	2,335,667	2,693,547
Additions	–	207,382	207,382
Disposals	–	(632)	(632)
As at 31 December 2025	357,880	2,542,417	2,900,297
Accumulated amortisation			
As at 1 January 2024	–	(1,320,073)	(1,320,073)
Additions	–	(308,378)	(308,378)
Disposals	–	(3,600)	(3,600)
Loss of control of a subsidiary	–	2,473	2,473
As at 31 December 2024 and 1 January 2025	–	(1,629,578)	(1,629,578)
Additions	–	(301,863)	(301,863)
Disposals	–	378	378
As at 31 December 2025	–	(1,931,063)	(1,931,063)
Net book value			
As at 31 December 2025	357,880	611,354	969,234
As at 31 December 2024	357,880	706,089	1,063,969

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

27 Other assets (Continued)

(d) Other right-of-use assets

	Leased properties and buildings	Leased equipment	Total
Cost			
As at 1 January 2024	1,641,822	13,320	1,655,142
Additions	137,534	659	138,193
Disposals	(219,705)	(307)	(220,012)
As at 31 December 2024 and 1 January 2025	1,559,651	13,672	1,573,323
Additions	362,017	2,749	364,766
Disposals	(760,051)	(11,048)	(771,099)
As at 31 December 2025	1,161,617	5,373	1,166,990
Accumulated depreciation			
As at 1 January 2024	(884,438)	(7,531)	(891,969)
Additions	(307,402)	(2,224)	(309,626)
Disposals	104,586	307	104,893
As at 31 December 2024 and 1 January 2025	(1,087,254)	(9,448)	(1,096,702)
Additions	(246,073)	(1,443)	(247,516)
Disposals	667,420	7,936	675,356
As at 31 December 2025	(665,907)	(2,955)	(668,862)
Net book value			
As at 31 December 2025	495,710	2,418	498,128
As at 31 December 2024	472,397	4,224	476,621

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

28 Pledged assets

(a) Assets pledged as collateral

	2025	2024
Bonds	87,113,494	83,507,628

(b) Received pledged assets

The Group conducts resale agreements under the usual and customary terms of placements, and holds collaterals for these transactions. As at 31 December 2025, the fair value of the received pledged assets is RMB40,241.37 million (2024: RMB23,946.36 million).

29 Borrowing from the central bank

	2025	2024
Due to the central bank	58,265,441	43,793,210
Accrued interest	139,195	242,298
Total	58,404,636	44,035,508

Borrowing from the central bank mainly includes borrowings from the central bank and rediscounting with the central bank.

30 Deposits from banks and other financial institutions

Analysed by type and location of counterparty

	2025	2024
In mainland China		
– Banks	6,318,476	2,858,990
– Other financial institutions	71,297,331	49,515,297
Sub-total	77,615,807	52,374,287
Accrued interest	460,048	284,268
Total	78,075,855	52,658,555

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

31 Placements from banks and other financial institutions

	2025	2024
In mainland China		
– Banks	58,345,674	52,274,211
– Other financial institutions	5,684,470	8,066,000
Sub-total	64,030,144	60,340,211
Outside mainland China		
– Banks	329,908	–
Sub-total	64,360,052	60,340,211
Accrued interest	392,735	431,388
Total	64,752,787	60,771,599

32 Financial assets sold under repurchase agreements

(a) Analysed by type and location of counterparty

	2025	2024
In mainland China		
– Banks	25,457,956	34,865,190
– Other financial institutions	170,000	–
Accrued interest	3,325	9,627
Total	25,631,281	34,874,817

(b) Analysed by type of collateral

	2025	2024
Debt securities	25,627,956	34,865,190
Accrued interest	3,325	9,627
Total	25,631,281	34,874,817

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

33 Deposits from customers

	Note	2025	2024
Demand deposits			
– Corporate customers		131,536,471	128,926,742
– Individual customers		112,892,800	102,655,501
Sub-total		244,429,271	231,582,243
Time deposits			
– Corporate customers		155,765,599	151,807,130
– Individual customers		488,886,300	456,284,582
Sub-total		644,651,899	608,091,712
Pledged deposits		62,020,680	41,683,089
Convertible negotiated deposits	(a)	8,000,000	8,000,000
Inward and outward remittances		25,295	77,224
Sub-total		959,127,145	889,434,268
Accrued interest		22,162,248	22,365,519
Total		981,289,393	911,799,787

- (a) On 19 January 2023, after obtaining the proceeds from issuance of Local Government Special Debt by Henan Provincial Department of Finance, Zhengzhou Finance Bureau deposited the relevant funds in the form of negotiated deposit into the special RMB deposit account it opened with the Bank. With the Henan Provincial Department of Finance's Consents to the conversion, when the core tier-1 capital adequacy ratio of the Bank is lower than 5.125%, and upon the satisfaction of specific requirements on the Minimum Public Float prescribed by The Stock Exchange of Hong Kong Limited, Zhengzhou Finance Bureau shall convert the negotiated deposits into ordinary shares of the Bank in accordance with laws and regulations. If the conversion conditions are not satisfied, the principal of the convertible negotiated deposit is repayable by equal annual instalments based on the total par value of the convertible negotiated deposit from 2028, i.e. 20% of the principal is repaid annually, amounting to RMB1.6 billion.

During the term of the convertible negotiated deposits, the Bank shall report the changes in the core tier-1 capital adequacy ratio of the previous quarter by the twentieth day of the first month of each quarter to Zhengzhou Finance Bureau. When the core tier-1 capital adequacy ratio of the Bank drops to 7.50%, and early warning is triggered, the Bank shall promptly inform Zhengzhou Finance Bureau of the situation, formulate emergency plans, and actively take emergency measures to improve the ability to resist risks and avoid the occurrence of triggering events.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

34 Debt securities issued

	Note	2025	2024
Certificates of interbank deposits	(a)	79,535,039	128,674,600
Financial bonds	(b)	4,998,295	9,996,939
Tier-2 capital bonds	(c)	7,999,496	7,999,563
Sub-total		92,532,830	146,671,102
Accrued interest		117,874	207,345
Total		92,650,704	146,878,447

- (a) As at 31 December 2025, the total face value of certificates of interbank deposits issued by the Bank and outstanding amounted to RMB80,290.00 million with maturities between 1 to 12 months. The coupon rates ranged from 1.60% to 2.07% per annum. As at 31 December 2024, the total face value of certificates of interbank deposits issued by the Bank and outstanding amounted to RMB129,890.00 million with maturities between 1 to 12 months. The coupon rates ranged from 1.67% to 2.55% per annum.

As at 31 December 2025, the fair value of certificates of interbank deposits issued was RMB79,819.90 million (2024: RMB128,241.69 million).

- (b) On 12 May 2022, 9 June 2022 and 19 September 2024, the Bank issued three fixed-rate financial bonds with a total notional amount of RMB10,000.00 million. Pursuant to the agreement, all of the three bonds have a term of 3 years. The coupon rate were 2.95%, 2.90% and 2.10% per annum respectively. The Bank redeemed two financial bonds with a total notional amount of RMB5,000.00 million during the year ended 31 December 2025.

As at 31 December 2025, the fair value of financial bonds issued was RMB5,048.83 million (2024: RMB10,071.60 million).

- (c) Fixed rate tier-2 capital bonds of RMB8,000.00 million with a term of 10 years was issued by the Bank in July 2024 and will mature in July 2034. The coupon rate is 2.35% per annum.

As at 31 December 2025, the fair value of tier-2 capital bonds issued was RMB8,092.92 million (2024: RMB7,984.70 million).

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

35 Other liabilities

	Note	2025	2024
Accrued staff cost	(a)	4,137,842	3,604,691
Finance lease deposits		2,580,633	3,164,332
Payment and collection clearance accounts		812,668	1,279,767
Other tax payable		1,086,950	960,831
Lease liabilities		478,293	477,429
Provisions	(b)	710,941	467,165
Dividend payable		270,365	175,114
Other payable		3,784,765	3,335,314
Total		13,862,457	13,464,643

(a) Accrued staff cost

	Note	2025	2024
Salary, bonuses and allowances payable		3,255,686	2,735,504
Supplementary retirement benefits payable	(1)	538,485	536,021
Labour union fee, staff and workers' education fee		238,373	232,367
Social insurance payable		93,471	93,140
Housing allowances payable		11,827	7,659
Total		4,137,842	3,604,691

Pursuant to the relevant laws and regulations in the PRC, the Group has joined a defined contribution plan for the employees arranged by local government labour and social security organisations. The Group makes contributions to the retirement plan at the applicable rates based on the amounts stipulated by the relevant government organisations. The contributions by the Group for the defined contribution plan above are charged to profit or loss as they become payable in accordance with the rules of the respective defined contribution plan. The only obligation of the Group with respect to such defined contribution plan is to make the specified contributions. During the year ended 31 December 2025 and 2024, there was no forfeited contributions under the defined contribution plan. Accordingly, no forfeited contribution was utilised during the year, and there was no forfeited contribution available as at 31 December 2025 and 2024 to reduce level of contributions.

(1) Supplementary retirement benefits

The supplementary retirement benefits of the Bank include early retirement plan and supplementary retirement plan. The early retirement benefits is provided to employees who voluntarily agreed to retire before the retirement age during the period from the date of early retirement to the statutory retirement date. The supplementary retirement plan is provided to the Bank's eligible employees.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

35 Other liabilities (Continued)

(a) Accrued staff cost (Continued)

(1) Supplementary retirement benefits (Continued)

(i) The balances of supplementary retirement benefits of the Group are as follows:

	2025	2024
Present value of early retirement plan	57,232	75,190
Supplementary retirement plan	481,253	460,831
Total	538,485	536,021

(ii) The movements of supplementary retirement benefits of the Group are as follows:

	2025	2024
As at 1 January	536,021	492,187
Benefits paid during the year	(40,803)	(41,006)
Defined benefit cost recognised in profit or loss	71,719	56,762
Defined benefit cost recognised in OCI	(28,452)	28,078
As at 31 December	538,485	536,021

(iii) Principal actuarial assumptions of the Group are as follows:

Early retirement plan	2025	2024
Discount rate	1.50%	1.25%
Annual increase rate of internal salary	4.50%	4.50%
Supplementary retirement plan	2025	2024
Discount rate	2.25%	2.00%

(b) Provisions

	Note	2025	2024
Litigations and disputes provision		212,664	130,102
Credit commitments provision	(i)	498,277	337,063
Total		710,941	467,165

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

35 Other liabilities (Continued)

(b) Provisions (Continued)

(i) *Movements of credit commitments provision are as follows:*

	2025			Total
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	
Balance at 1 January 2025	334,092	2,971	–	337,063
Transfers:				
– to lifetime ECLs:				
– not credit-impaired	(10,016)	10,016	–	–
Charge for the year	39,246	122,201	–	161,447
Exchange differences and others	(233)	–	–	(233)
Balance at 31 December 2025	363,089	135,188	–	498,277
	2024			
	12-month ECLs	Lifetime ECLs: not credit-impaired	Lifetime ECLs: credit-impaired	Total
Balance at 1 January 2024	328,776	1,716	6,806	337,298
Transfers:				
– to lifetime ECLs:				
– not credit-impaired	(14)	14	–	–
Charge/(release) for the year	5,748	1,241	(6,806)	183
Loss of control of a subsidiary	(533)	–	–	(533)
Exchange differences and others	115	–	–	115
Balance at 31 December 2024	334,092	2,971	–	337,063

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

36 Share capital

The share capital of the Group as at 31 December 2025 and 31 December 2024 represents the paid-up share capital of the Bank.

	2025	2024
Ordinary shares in mainland China	29,604,823	29,604,823
Ordinary shares listed in Hong Kong (H-share)	6,945,000	6,945,000
Total	36,549,823	36,549,823

All the above H-shares have been listed on The Stock Exchange of Hong Kong Limited. The H-shares rank pari passu in all respects with the existing ordinary shares in mainland China including the right to receive all dividends and distributions declared or made.

37 Reserves

(a) Capital reserve

	2025	2024
Share premium	19,181,529	19,181,529
Other capital reserve	(243,296)	(177,155)
Total	18,938,233	19,004,374

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

37 Reserves (Continued)

(a) Capital reserve (Continued)

(i) Movements of capital reserve are as follows:

	Note	2025	2024
At 1 January		19,004,374	19,022,039
Loss of control of a subsidiary	(1)	–	(17,665)
Arising from merger by absorption	(2)	(66,141)	–
At 31 December		18,938,233	19,004,374

(1) On 29 February 2024, the Group's concerted action arrangement with other shareholders who hold 8.62% ownership and voting power of Nanshan Baosheng have expired. Hence, the Group lost control over Nanshan Baosheng and the capital reserve has decreased by RMB17.67 million.

(2) On 30 December 2025, the Bank completed the mergers by absorption of Henan Luanchuan Minfeng County Bank Co., Ltd., Mengjin Minfeng County Bank Co., Ltd., Puyang Zhongyuan County Bank Co., Ltd., Jiaxian Guangtian County Bank Co., Ltd. and Xiangcheng Zhongyuan County Bank Co., Ltd., and converted these county banks into branches of the Bank, resulting in a decrease of capital reserve of RMB66.14 million.

(b) Surplus reserve

The surplus reserve at the end of reporting period represented statutory surplus reserve fund and discretionary surplus reserve fund. Pursuant to the Company Law of the PRC and the Article of Association of the Bank, the Bank is required to appropriate 10% of its net profit as on an annual basis determined under the China Accounting Standards for Business Enterprises, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

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

(c) General reserve

	2025	2024
Balance at 1 January	16,679,124	16,547,644
Provision for this year	1,934,320	166,299
Loss of control of a subsidiary	–	(45,324)
Arising from merger by absorption	103,257	10,505
Total	18,716,701	16,679,124

Pursuant to the "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance, the Bank is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. If this is difficult to reach 1.5% at one time, general reserve could be set aside by years, which should not exceed 5 years in principle.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

37 Reserves (Continued)

(d) Other reserves

	Note	2025	2024
Investment revaluation reserve	(i)	369,548	1,725,537
Impairment reserve	(ii)	45,754	470,481
Deficit on remeasurement of net defined benefit liability	(iii)	(44,602)	(73,054)
Share of other comprehensive income of an associate	(iv)	–	661
Total		370,700	2,123,625

(i) Investment revaluation reserve

	2025	2024
At 1 January	1,725,537	417,855
Changes in fair value recognised in OCI	(1,008,873)	1,741,553
Transfer to profit or loss upon disposal	(799,612)	(1,227)
Less: deferred tax	452,496	(432,644)
At 31 December	369,548	1,725,537

(ii) Impairment reserve

	2025	2024
At 1 January	470,481	473,806
Impairment losses recognised in OCI	(424,727)	(3,325)
At 31 December	45,754	470,481

(iii) Deficit on remeasurement of net defined benefit liability

Deficit on remeasurement of net defined benefit liability represents actuarial gains or losses, net of tax, from remeasuring the net defined benefit liability.

	2025	2024
At 1 January	(73,054)	(44,976)
Remeasurement of net defined benefit liability	28,452	(28,078)
At 31 December	(44,602)	(73,054)

(iv) Share of other comprehensive income of associate

	2025	2024
At 1 January	661	–
Changes in fair value recognised in OCI	(661)	661
At 31 December	–	661

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

38 Retained earnings

(a) Appropriation of profits

(i) Ordinary share dividend

In accordance with the Company Law of the PRC and the Articles of Association of the Bank, the profit after tax as reported in the statutory financial statements prepared in accordance with the China Accounting Standards for Business Enterprises may be distributed as dividends only after the following appropriations have been made:

- (i) to offset accumulated losses, if any;
- (ii) an appropriation of 10% of the Bank's net profit to the non-distributable statutory surplus reserve; and
- (iii) an appropriation to the general reserve.

Pursuant to the relevant regulations, the amount of distributable profit of the Bank shall be the lower of (i) the distributable profit calculated in accordance with the China Accounting Standards for Business Enterprises and (ii) the distributable profit calculated in accordance with IFRS Accounting Standards.

(ii) Distribution of interest on perpetual bonds

The Bank distributed interest of RMB652 million to the perpetual bond holders during the year ended 31 December 2025 (2024: RMB652 million).

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

38 Retained earnings (Continued)

(b) Movements in components of equity

Details of the changes in the Bank's individual components of equity for the year ended 31 December 2025 and 2024 are set out below.

	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Other reserves	Retained earnings	Total
Balance at 1 January 2025	36,549,823	13,998,937	19,182,685	3,419,254	15,658,384	2,108,732	4,595,660	95,513,475
Changes in equity for the year:								
Profit for the year	-	-	-	-	-	-	3,205,452	3,205,452
OCI	-	-	-	-	-	(1,740,583)	-	(1,740,583)
Total comprehensive income	-	-	-	-	-	(1,740,583)	3,205,452	1,464,869
Appropriation to surplus reserve	-	-	-	320,545	-	-	(320,545)	-
Appropriation to general reserve	-	-	-	-	1,882,562	-	(1,882,562)	-
Dividend distribution	-	-	-	-	-	-	(438,598)	(438,598)
Distribution of interest on perpetual bonds	-	-	-	-	-	-	(652,000)	(652,000)
Arising from merger by absorption	-	-	(68,643)	-	169,017	-	(270,835)	(170,461)
Redemption of perpetual bonds	-	(1,000,000)	-	-	-	-	-	(1,000,000)
Balance at 31 December 2025	36,549,823	12,998,937	19,114,042	3,739,799	17,709,963	368,149	4,236,572	94,717,285
Balance at 1 January 2024	36,549,823	13,998,937	19,181,529	3,107,811	15,482,754	840,541	2,621,518	91,782,913
Changes in equity for the year:								
Profit for the year	-	-	-	-	-	-	3,141,550	3,141,550
OCI	-	-	-	-	-	1,268,191	-	1,268,191
Total comprehensive income	-	-	-	-	-	1,268,191	3,141,550	4,409,741
Appropriation to surplus reserve	-	-	-	314,155	-	-	(314,155)	-
Appropriation to general reserve	-	-	-	-	155,949	-	(155,949)	-
Distribution of interest on perpetual bonds	-	-	-	-	-	-	(652,000)	(652,000)
Loss of control of a subsidiary	-	-	-	(2,712)	-	-	(24,407)	(27,119)
Arising from merger by absorption	-	-	1,156	-	19,681	-	(20,897)	(60)
Balance at 31 December 2024	36,549,823	13,998,937	19,182,685	3,419,254	15,658,384	2,108,732	4,595,660	95,513,475

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Other equity instruments

Perpetual Bond

(a) Perpetual Bond outstanding

Financial instrument outstanding	31 December 2025						
	Time issued	Classifications	Initial interest rate	Issued price (RMB)	Quantities	In original currency million	In RMB million
Bank of Pingdingshan Co.,Ltd. 2021 Undated Capital Bonds	25 June 2021	Equity	4.80%	100	10,000,000	1,000.00	1,000.00
Bank of Luoyang Co.,Ltd. 2021 Undated Capital Bonds	25 June 2021	Equity	4.80%	100	20,000,000	2,000.00	2,000.00
Zhongyuan Bank Co.,Ltd. 2023 Undated Capital Bonds (First Tranche)	15 August 2023	Equity	4.60%	100	100,000,000	10,000.00	10,000.00
Total						13,000.00	13,000.00
Less: issuing cost							(1.06)
Book value							12,998.94

Financial instrument outstanding	31 December 2024						
	Time issued	Classifications	Initial interest rate	Issued price (RMB)	Quantities	In original currency million	In RMB million
Bank of Pingdingshan Co.,Ltd. 2020 Undated Capital Bonds	2 December 2020	Equity	4.80%	100	10,000,000	1,000.00	1,000.00
Bank of Pingdingshan Co.,Ltd. 2021 Undated Capital Bonds	25 June 2021	Equity	4.80%	100	10,000,000	1,000.00	1,000.00
Bank of Luoyang Co.,Ltd. 2021 Undated Capital Bonds	25 June 2021	Equity	4.80%	100	20,000,000	2,000.00	2,000.00
Zhongyuan Bank Co.,Ltd. 2023 Undated Capital Bonds (First Tranche)	15 August 2023	Equity	4.60%	100	100,000,000	10,000.00	10,000.00
Total						14,000.00	14,000.00
Less: issuing cost							(1.06)
Book value							13,998.94

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Other equity instruments (Continued)

Perpetual Bond (Continued)

(b) Main clause

With the approvals of relevant regulatory authorities, Bank of Pingdingshan issued RMB1,000.00 million and RMB1,000.00 million of Perpetual Bonds on 2 December 2020 and 25 June 2021 respectively in the National Inter-bank Bond Market. Bank of Luoyang issued RMB2,000.00 million of Perpetual Bond on 25 June 2021 in the National Inter-bank Bond Market. The Bank inherited the above Perpetual Bonds after the completion of the merger by absorption. Bank of Pingdingshan Co., Ltd. 2020 Undated Capital Bonds is a callable bond. The Bank exercised the option and fully redeemed the bonds in 2025, with an aggregate nominal amount of RMB1,000.00 million..

With the approval of the relevant regulatory authorities, the Bank issued perpetual bonds with an aggregate principal amount of RMB10 billion in the National Inter-bank Bond Market on 15 August 2023. The fund raised from the issuance were used to supplement the other tier-1 capital of the Bank in accordance with the relevant laws and regulations and with the approval of the regulatory authorities.

(i) Interest

The unit coupon amount of the Perpetual Bonds is RMB100. The first 5-year coupon rate of the Perpetual Bonds inherited by the Bank in 2022 is 4.80%, with the interest rate resettable every 5 years. The first 5-year coupon rate of the Perpetual Bonds issued in 2023 is 4.60%, with the interest rate resettable every 5 years. The coupon rate of the bonds consist of two components, a base rate and a fixed spread.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

39 Other equity instruments (Continued)

Perpetual Bond (Continued)

(b) Main clause (Continued)

(ii) Interest stopper and setting mechanism

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

(iii) Order of distribution and liquidation method

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

(iv) Write down conditions

Upon the occurrence of a Non-Viability Trigger Event, the Bank has the right to write down all or part of the nominal amount of the outstanding Perpetual Bonds without the need for the consent of the bond holders.

(v) Redemption

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

40 Structured entities

(a) Consolidated structured entities

The structured entities consolidated by the Group primarily comprise certain publicly offered funds invested by the Group, investment management products under trust plans, and investment management products managed by securities companies. The Group controls these structured entities as it has power over them, is exposed, or has rights, to variable returns from its involvement with them, and has the ability to use its power to affect those returns.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Structured entities (Continued)

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

The Group holds interests in certain structured entities sponsored by third-party institutions through direct investments. These structured entities are not consolidated into the Group's consolidated financial statements, include investment management products under trust scheme, investment management products managed by securities companies and wealth management products issued by financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of third party investors. These vehicles are financed through the issue of units to investors.

The following table sets out an analysis of the carrying amounts of interests held by the Group, in structured entities sponsored by third-parties institutions, through direct investments, in structured entities sponsored by third parties, as well as an analysis of the line items in the consolidated statements of financial position in which relevant assets are recognised as at 31 December 2025 and 2024:

	2025	
	Carrying amount	Maximum exposure
Financial investments at FVPL	15,829,801	15,829,801
Financial investments at amortised cost	9,521,614	9,521,614
Total	25,351,415	25,351,415

	2024	
	Carrying amount	Maximum exposure
Financial investments at FVPL	52,448,872	52,448,872
Financial investments at amortised cost	16,600,176	16,600,176
Total	69,049,048	69,049,048

As at 31 December 2025 and 2024, the maximum exposures in the unconsolidated structural entities are equal to their carrying amounts.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

40 Structured entities (Continued)

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

The types of unconsolidated structured entities sponsored by the Group include non-principal guaranteed wealth management products. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These structured entities are financed through the issue of units to investors. Interest held by the Group includes investments in units issued by these structured entities and fees charged by providing management services.

As at 31 December 2025 and 2024, the carrying amounts of the investments in the units issued by these structured entities and management fee receivables being recognised are not material to the consolidated statement of financial position.

As at 31 December 2025, the amount of assets held by the unconsolidated non-principal guaranteed wealth management products, which are sponsored by the Group, was RMB60,167.11 million (2024: RMB66,706.82 million).

(d) Structured entities sponsored by the Group during the reporting period which the Group does not consolidate but have an interest in during the reporting period

As at 31 December 2025, the aggregated amount of the non-principal guaranteed wealth management products sponsored and issued by the Group after 1 January but matured before 31 December amounted to RMB4,181.30 million (2024: RMB10,683.32 million).

41 Capital management

The Group's capital management includes capital adequacy ratio management, capital financing management and economic capital management, of which the primary focus is on capital adequacy ratio management. The Group calculates the capital adequacy ratio in accordance with guidelines issued by the former CBRC. The capital of the Group is divided into core tier-1 capital, other tier-1 capital and tier-2 capital.

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

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

In accordance with the "Administrative Measures for the Capital of Commercial Banks", the State Administration of Financial Supervision stipulates that the Group's core tier-1 capital adequacy ratio should not be lower than 7.50%, tier-1 capital adequacy ratio should not be lower than 8.50% and capital adequacy ratio of not less than 10.50%, which have been met by the Group.

The on-balance sheet risk-weighted assets are measured using different risk weights, which are determined according to the credit, market and other risks associated with each asset and counterparty, taking into account any eligible collaterals or guarantees. Similar treatment is adopted for off-balance sheet exposure, with adjustments made to reflect the more contingent nature of any potential losses. Market risk-weighted assets are calculated using the standardised approach. Operational risk-weighted assets are calculated using basic indicator approach.

The capital adequacy ratios and related components of the Group illustrated below are computed based on the Group's financial statements prepared in accordance with the China Accounting Standards for Business Enterprises.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

41 Capital management (Continued)

The Group calculates the capital adequacy ratios from 1 January 2024 in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the NFRA in 2023 as follows:

	2025	2024
Core tier-1 capital adequacy ratio	8.89%	8.46%
Tier-1 capital adequacy ratio	11.38%	10.93%
Capital adequacy ratio	13.52%	13.02%
Core tier-1 capital	85,299,890	84,621,015
Deductions of core tier-1 capital	(9,129,610)	(8,317,618)
Net core tier-1 capital	76,170,280	76,303,397
Other tier-1 capital	21,273,888	22,273,896
Net tier-1 capital	97,444,168	98,577,293
Tier-2 capital	18,357,770	18,838,593
Net capital base	115,801,938	117,415,886
Total risk weighted assets	856,521,009	901,608,843

42 Notes to the consolidated statement of cash flows

(a) Net increase/(decrease) in cash and cash equivalents

	2025	2024
Cash and cash equivalents as at 31 December	82,468,799	63,630,220
Less: Cash and cash equivalents as at 1 January	(63,630,220)	(101,193,704)
Net increase/(decrease) in cash and cash equivalents	18,838,579	(37,563,484)

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

42 Notes to the consolidated statement of cash flows (Continued)

(b) Cash and cash equivalents

	2025	2024
Cash on hand	2,119,587	1,812,703
Deposits with the central bank	7,173,506	18,888,157
Deposits with banks and other financial institutions	33,171,530	17,270,978
Financial assets held under resale agreements	38,554,176	23,792,730
Placements with banks and other financial institutions	1,450,000	1,865,652
Total	82,468,799	63,630,220

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt securities issued	Lease liabilities	Total
At 1 January 2025	146,878,447	477,429	147,355,876
Changes from financing cash flow			
Proceeds from debt securities issued	175,139,128	–	175,139,128
Interest paid on debt securities issued	(2,095,585)	–	(2,095,585)
Repayment of debt securities issued	(229,924,437)	–	(229,924,437)
Capital element of lease liabilities paid	–	(363,902)	(363,902)
Interest element of lease liabilities paid	–	(12,462)	(12,462)
Sub-total	(56,880,894)	(376,364)	(57,257,258)
Other changes:			
Interest expense	2,653,151	12,462	2,665,613
Increase in lease liabilities	–	364,766	364,766
Sub-total	2,653,151	377,228	3,030,379
At 31 December 2025	92,650,704	478,293	93,128,997

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

42 Notes to the consolidated statement of cash flows (Continued)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities (Continued)

	Debt securities issued	Lease liabilities	Total
At 1 January 2024	131,990,578	731,318	132,721,896
Changes from financing cash flow			
Proceeds from debt securities issued	276,661,304	–	276,661,304
Interest paid on debt securities issued	(2,602,421)	–	(2,602,421)
Repayment of debt securities issued	(262,044,393)	–	(262,044,393)
Capital element of lease liabilities paid	–	(392,082)	(392,082)
Interest element of lease liabilities paid	–	(23,797)	(23,797)
Sub-total	12,014,490	(415,879)	11,598,611
Other changes:			
Interest expense	2,873,379	23,797	2,897,176
Increase in lease liabilities	–	138,193	138,193
Sub-total	2,873,379	161,990	3,035,369
At 31 December 2024	146,878,447	477,429	147,355,876

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Related party relationships and transactions

(a) Relationship of related parties

(i) Major shareholders

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

Shareholding in the Bank:

	2025	2024
Henan Investment Group Co., Ltd.	6.84%	6.69%
Jiangsu Wuzhong Group Co., Ltd.	1.15%	1.15%

(ii) Subsidiaries, associate and joint venture of the Bank

The detailed information of the Bank's subsidiaries, associate and joint venture are set out in Note 23.

(iii) Other related parties

Other related parties can be individuals or enterprises, which include: close family members of board of directors and senior management; entities (and their subsidiaries) controlled or jointly controlled by members of the board of directors and senior management, and close family members of such individuals; and entities controlled or jointly controlled by the major shareholders of the Bank as set out in Note 43(a)(i) or their controlling shareholders.

(b) Related party transactions and balances

(i) Transactions between the Bank and major shareholders

	2025	2024
Transactions during the year:		
Interest income	59,260	41,543
Interest expense	4,706	231
Net trading losses	299	–
Operating expenses	1,343	1,898

	2025	2024
Balances at end of the year:		
Financial investments	90,045	–
Loans and advances to customers	1,159,700	1,233,242
Right-of-use assets	–	2,527
Deposits from customers	526,173	45,673
Lease liabilities	–	2,386

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Related party relationships and transactions (Continued)

(b) Related party transactions and balances (Continued)

(ii) Transactions between the Bank and subsidiaries

The subsidiaries of the Bank are its related parties. The transactions between the Bank and its subsidiaries and among the subsidiaries are eliminated on consolidation and therefore are not disclosed in this note.

(iii) Transactions between the Bank and other related parties, associate and joint venture

	2025	2024
Transactions during the year:		
Interest income	601,070	948,855
Interest expense	131,208	25,682
Net trading gains	7,389	–
Transfers of financial assets	3,249,325	1,571

	2025	2024
Balances at end of the year:		
Loans and advances to customers	16,190,430	14,278,250
Lease receivables	141,395	464,563
Financial investments	925,660	545,243
Placements with banks and other financial institutions	–	3,025,936
Deposits with banks and other financial institutions	2,377,109	1,656,478
Deposits from customers	6,282,901	5,437,552
Deposits from banks and other financial institutions	2,753,943	1,313,281

	2025	2024
Balances of items off the consolidated statement of financial position outstanding at the end of the year:		
Bank acceptances	625,256	3,217,072
Letters of credit	318,060	258,000
Letters of guarantees	5,100	5,100

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

43 Related party relationships and transactions (Continued)

(c) 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, the supervisory board and executive officers.

(i) Transactions between the Bank and key management personnel

	2025	2024
Transactions during the year:		
Interest income	115	180
Interest expense	25	25
Balances at end of the year:		
Loans and advances to customers	3,720	3,442
Deposits from customers	4,532	7,709

(ii) Key management personnel compensation

The aggregate compensation of key management personnel is listed as follows:

	2025	2024
Salaries and other emoluments	10,115	8,538
Discretionary bonus	3,549	17,060
Contribution by the employer to social insurance and welfare plans, housing allowance, etc.	1,130	1,451
Total	14,794	27,049

The key management personnel compensation are still pending for the year 2025. The amount of the remunerations is not expected to have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2025.

(d) Loans and advances to directors, supervisors and officers

	2025	2024
Aggregate amount of relevant loans outstanding at the end of the year	3,720	3,442
Maximum aggregate amount of relevant loans outstanding during the year	3,720	6,887

There was no amount due but unpaid, nor any impairment provision made against the principal or interest on these loans at 31 December 2025 and 2024.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Segment reporting

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

Corporate banking

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

Retail banking

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

Financial markets business

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

Others

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

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

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

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined after considering intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the year ended 31 December 2025 and 2024 to acquire property and equipment, intangible assets and other long-term assets.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Segment reporting (Continued)

	2025				Total
	Corporate banking	Retail banking	Financial markets business	Others	
Operating income					
External net interest income/(expense)	18,115,987	(1,229,169)	5,632,012	–	22,518,830
Internal net interest (expense)/income	(6,728,493)	9,885,857	(3,157,364)	–	–
Net interest income	11,387,494	8,656,688	2,474,648	–	22,518,830
Net fee and commission income	873,241	26,705	547,422	–	1,447,368
Net trading (losses)/gains	(451,525)	–	552,042	–	100,517
Net gains arising from investment securities	7,312	–	2,148,174	–	2,155,486
Other operating income	33,505	12,463	8,740	230,113	284,821
Operating income	11,850,027	8,695,856	5,731,026	230,113	26,507,022
Operating expenses	(3,990,152)	(3,363,798)	(2,158,568)	(988,394)	(10,500,912)
Impairment losses on assets	(9,465,405)	(2,739,669)	(1,363,681)	(146,683)	(13,715,438)
Share of losses of associate and joint venture	–	–	(7,968)	–	(7,968)
(Loss)/profit before tax	(1,605,530)	2,592,389	2,200,809	(904,964)	2,282,704
Segment assets	540,021,567	299,575,660	554,188,725	6,758,933	1,400,544,885
Deferred tax assets	–	–	–	13,748,496	13,748,496
Total assets	540,021,567	299,575,660	554,188,725	20,507,429	1,414,293,381
Segment liabilities	363,348,376	622,443,990	321,867,690	7,307,901	1,314,967,957
Total liabilities	363,348,376	622,443,990	321,867,690	7,307,901	1,314,967,957
Other segment information					
– Depreciation and amortisation	498,604	507,760	356,088	3,963	1,366,415
– Capital expenditure	451,062	459,344	322,134	3,584	1,236,124

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

44 Segment reporting (Continued)

	2024				Total
	Corporate banking	Retail banking	Financial markets business	Others	
Operating income					
External net interest income/ (expense)	19,186,733	(1,901,709)	4,257,707	–	21,542,731
Internal net interest (expense)/ income	(7,378,223)	9,262,290	(1,884,067)	–	–
Net interest income	11,808,510	7,360,581	2,373,640	–	21,542,731
Net fee and commission income/ (expense)	1,223,803	(413,298)	607,554	–	1,418,059
Net trading gains/(losses)	199,505	–	(7,675)	–	191,830
Net gains arising from investment securities	10,432	–	2,493,418	–	2,503,850
Other operating income	119,379	38,889	13,448	127,080	298,796
Operating income	13,361,629	6,986,172	5,480,385	127,080	25,955,266
Operating expenses	(4,245,838)	(3,172,393)	(1,702,455)	(1,328,874)	(10,449,560)
Impairment losses on assets	(10,734,363)	(1,698,346)	(385,574)	(67,327)	(12,885,610)
Share of gains of associate and joint venture	–	–	130,377	–	130,377
(Loss)/profit before tax	(1,618,572)	2,115,433	3,522,733	(1,269,121)	2,750,473
Segment assets	577,830,151	294,706,529	475,804,038	5,608,112	1,353,948,830
Deferred tax assets	–	–	–	11,248,143	11,248,143
Total assets	577,830,151	294,706,529	475,804,038	16,856,255	1,365,196,973
Segment liabilities	336,100,812	580,463,069	340,302,674	7,947,104	1,264,813,659
Total liabilities	336,100,812	580,463,069	340,302,674	7,947,104	1,264,813,659
Other segment information					
– Depreciation and amortisation	657,309	465,467	389,916	7,449	1,520,141
– Capital expenditure	680,427	481,838	403,630	7,711	1,573,606

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management

The Group has exposure to the following risks from its financial instruments: credit risk, market risk, interest rate in the banking book, liquidity risk and operational risk.

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

The Group's risk management policies were established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits, and to design relevant internal control policies and systems for monitoring risks and adhering to risk limits. Risk management policies and relevant internal control systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Internal Audit Department of the Group undertakes both regular and ad hoc reviews of the compliance of internal control implementation with risk management policies.

(a) Credit risk

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

Credit business

The board of directors is responsible for setting the Group's risk management strategy and the overall risk tolerance level. The board also monitors the Group's risk management process and regularly assesses the Group's risk position and risk management strategies. The board gives advice on internal controls relating to risk management. The responsible departments for credit risk management include the Credit Approval Department, Credit Management Department, and Risk Management Department. The Risk Management Department is responsible for implementing the Group's overall risk management system. Besides risk monitoring and control, the Risk Management Department is also responsible for formulating risk management policies. To ensure the independence of credit approval, the Credit Approval Department is independent from customer relationship and product management departments. Front office departments of branches carry out credit businesses according to the Group's risk management policies and procedures.

The Group continuously improves the internal control mechanism and strengthens the management of the credit business. The Group has established comprehensive assessment and inquiry mechanisms, assigning the credit management accountability to the relevant departments and individuals.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit business (Continued)

For corporate and institutional businesses, the Group has established industry-specific limits for credit approval. It has put in place continuous monitoring mechanism, with regular reporting of credit exposures to the board. The Group's credit risk management covers key operational phases, including pre-lending evaluations, credit approval, and post-lending monitoring. With respect to pre-lending evaluations, the Group assesses customer credit ratings and performs integrated analysis on the risk and return of the loan. In the credit approval phase, all credit applications are approved by designated credit officers. During the post-lending monitoring, the Group continually monitors outstanding loans and other credit related businesses. Any adverse events that may significantly affect a borrower's repayment ability are reported immediately, and actions are taken to mitigate the risks.

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

The Group adopts a loan risk classification approach to manage its loan portfolio risk. Loans are generally classified as normal, special mention, substandard, doubtful and loss according to their levels of risk. Substandard, doubtful and loss loans are considered to be impaired loans and advances. They are classified as such when one or more events demonstrate that there is objective evidence of a loss event. The impairment loss is assessed collectively or individually as appropriate.

Financial markets business

The Group sets credit limits for financial markets business operations based on the credit risk inherent in the products, counterparties and geographical areas. Credit risk exposure is closely monitored on a systematic, real-time basis, and credit risk limits are reviewed and updated regularly.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management

The financial assets are categorised by the Group into the following stages to manage its financial assets' credit risk:

Stage 1

Financial assets have not experienced a significant increase in credit risk since initial recognition and impairment recognised on the basis of 12-month ECLs.

Stage 2

Financial assets have experienced a significant increase in credit risk since initial recognition and impairment is recognised on the basis of lifetime ECLs.

Stage 3

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

Significant increase in credit risk

When one or more quantitative, qualitative standards or upper limits are triggered, the Group assumes that credit risk on financial assets has increased significantly.

If the borrower is listed in the watch list and one or more of the following criteria are met:

- The credit spread increases significantly;
- Significant changes with an adverse effect that have taken place in the borrower's business, financial and economic status;
- Application for a grace period or debt-restructuring;
- Significant changes with an adverse effect in the borrower's business conditions;
- Decrease in value of the collaterals (for the collateral loans and pledged loans only);
- Indicators of cash flow/liquidity issues, such as late payment of accounts payable/repayment of loans;
- The financial asset is overdue more than 30 days.

The Group uses watch lists to monitor credit risk of financial assets related to loans and financial market operations, and conducts regular assessments at the counterparty level. The standards used in determining whether credit risk increases significantly are regularly monitored and reviewed by the management for the appropriateness.

As at 31 December 2025, the Group did not consider any of its financial assets to have a low credit risk that would warrant not reassessing these financial assets at the end of the reporting period to determine whether there has been a significant increase in credit risk since their initial recognition.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

Definition of “default” and “credit-impaired assets”

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for a security because of financial difficulties of the issuer; or
- overdue more than 90 days.

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

Measurement of ECLs

The Group adopts ECL model to measure provision for loss of financial assets based on the stages categorised above.

The ECL is the result of the discounted product of probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”). The definitions of these terms are as follows:

- PD refers to the likelihood that a borrower will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the loan;
- EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the loan;
- LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts, and the availability of collaterals or other credit support.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

Measurement of ECLs (Continued)

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

PD is derived based on internal and external ratings, five-level classification or historical data, with forward-looking adjustments.

The Group's exposure to credit risk can be reasonably grouped into credit risks by using qualitative and quantitative analyses and suggestions from experts, and by taking into account credit risk characteristics such as business types, product attributes or customer characteristics.

The Group updates the ECL assessment on a monthly basis, also makes loss allowance for credit risk based on the assessment results. To ensure that the model parameters adequately reflect the impact of forward-looking information on ECLs, the model parameters are updated at least semi-annually, the implementation of the ECL approach is assessed annually, and a competent independent external third-party institution is engaged to conduct a comprehensive validation on the implementation model under the ECL approach at least once every three years.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

Measurement of ECLs (Continued)

In measuring ECLs of financial instruments, the Group requires to consider all available, reasonable and reliable information that may affect credit risk, uses relevant observable data (e.g., Gross Domestic Product (“GDP”), Consumer Price Index, income of urban residents, etc.).

The Group setting up a variety of basic scenarios in accordance with the Group’s operations and the macro-political situation when developing forward-looking information indicators, specifying the weight of different scenarios, and adding extreme scenarios in conjunction with the results of the stress tests when necessary. Adopt a combination of internal expert forecasting methods and data from external institutions to obtain forward-looking information, which may include both domestic information and information about other countries and regions related to credit risk. The forward-looking model is established to determine the adjustments of forward-looking information to the relevant parameters of the ECL assessment model.

As at 31 December 2025, the Group makes forward-looking forecasts of macroeconomic indicators, taking into account the impact of different macroeconomic scenarios and other factors on economic trends. Among these, the quarter-on-quarter GDP growth rate used to estimate ECLs is 5.02% in 2026 under the neutral scenario.

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

In order to achieve maximum collection, the Group may modify the contractual terms of loans due to business negotiations or financial difficulties of the borrowers at times.

Such rescheduling activities include extended payment term arrangements, payment holidays and payment forgiveness. Rescheduling policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. The restructuring of loans is most common in the management of medium and long-term loans. The risk stage can only be lowered if the rescheduled loans are reviewed for at least 6 consecutive months and the corresponding stage classification criteria is reached.

(i) Maximum credit risk exposure

The maximum exposure to credit risk is represented by the net carrying amount of each type of financial assets as at the end of each reporting period.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

(ii) Financial assets analysed by credit quality are summarised as follows:

	2025							
	Balance (excluding accrued interest)				Provision for impairment losses (excluding accrued interest)			
	Assessed for 12-month ECLs	Not credit-impaired and assessed for lifetime ECLs	Credit-impaired and assessed for lifetime ECLs	Total	Assessed for 12-month ECLs	Not credit-impaired and assessed for lifetime ECLs	Credit-impaired and assessed for lifetime ECLs	Total
Financial assets measured at amortised cost								
Cash and deposits with the central bank	56,464,111	-	-	56,464,111	-	-	-	-
Deposits/Placements with banks and other financial institutions	88,309,395	-	19,027	88,328,422	(20,412)	-	(19,027)	(39,439)
Financial assets held under resale agreements	38,554,176	-	-	38,554,176	(3,036)	-	-	(3,036)
Loans and advances to customers	626,048,542	30,147,977	14,390,729	670,587,248	(7,767,999)	(6,056,017)	(10,021,970)	(23,845,986)
Financial investments	234,859,551	2,482,167	27,371,906	264,713,624	(117,758)	(474,912)	(21,132,395)	(21,725,065)
Lease receivables	65,633,264	3,801,072	1,705,940	71,140,276	(1,051,487)	(1,464,716)	(1,414,786)	(3,930,989)
Total	1,109,869,039	36,431,216	43,487,602	1,189,787,857	(8,960,692)	(7,995,645)	(32,588,178)	(49,544,515)
Financial assets at FVOCI								
Loans and advances to customers	63,317,886	-	-	63,317,886	(5,279)	-	-	(5,279)
Financial investments	108,338,058	-	-	108,338,058	(55,666)	-	-	(55,666)
Total	171,655,944	-	-	171,655,944	(60,945)	-	-	(60,945)

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

(ii) Financial assets analysed by credit quality are summarised as follows: (Continued)

	2024							
	Balance (excluding accrued interest)				Provision for impairment losses (excluding accrued interest)			
	Assessed for 12-month ECLs	Not credit-impaired and assessed for lifetime ECLs	Credit-impaired and assessed for lifetime ECLs	Total	Assessed for 12-month ECLs	Not credit-impaired and assessed for lifetime ECLs	Credit-impaired and assessed for lifetime ECLs	Total
Financial assets measured at amortised cost								
Cash and deposits with the central bank	63,992,951	-	-	63,992,951	-	-	-	-
Deposits/Placements with banks and other financial institutions	65,105,630	-	19,027	65,124,657	(18,185)	-	(19,027)	(37,212)
Financial assets held under resale agreements	23,792,730	-	-	23,792,730	(2,942)	-	-	(2,942)
Loans and advances to customers	617,325,139	23,002,802	14,458,037	654,785,978	(5,962,388)	(4,072,913)	(11,772,729)	(21,808,030)
Financial investments	225,791,202	715,679	28,161,158	254,668,039	(334,016)	(21,468)	(17,538,858)	(17,894,342)
Lease receivables	67,454,495	2,721,036	810,161	70,985,692	(1,240,906)	(927,791)	(608,135)	(2,776,832)
Total	1,063,462,147	26,439,517	43,448,383	1,133,350,047	(7,558,437)	(5,022,172)	(29,938,749)	(42,519,358)
Financial assets at FVOCI								
Loans and advances to customers	59,669,278	-	-	59,669,278	(605,647)	-	-	(605,647)
Financial investments	88,346,221	-	-	88,346,221	(21,680)	-	-	(21,680)
Total	148,015,499	-	-	148,015,499	(627,327)	-	-	(627,327)

As at 31 December 2025, the fair value of collaterals held against loans and advances that are not credit-impaired and assessed for lifetime ECLs amounted to RMB7,231.05 million. The fair value of collaterals held against credit-impaired loans and advances that are assessed for lifetime ECL amounted to RMB7,254.39 million. The collaterals mainly include land, buildings, machinery and equipment, etc. The fair value of collaterals was estimated by the Bank based on the latest external valuations, adjusted in light of disposal experience and current market conditions.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(a) Credit risk (Continued)

Credit risk management (Continued)

(iii) Amounts due from banks and other financial institutions

The amounts due from banks and non-bank financial institutions including deposits with banks and other financial institutions, placements with banks and other financial institutions, and financial assets held under resale agreements for which counterparties are banks and non-bank financial institutions. Amounts due from banks and non-bank financial institutions are rated with reference to major rating agencies accepted by the PBOC.

	2025	2024
Neither overdue nor credit-impaired		
Ratings		
– A to AAA	85,234,099	65,074,609
– unrated	42,095,955	24,357,789
Total	127,330,054	89,432,398

(iv) Debt securities

The Group adopts a credit rating approach in managing the credit risk of the debt securities portfolio. Debt securities are rated with reference to major rating agencies where the issuers of the securities are located. The carrying amounts of debt securities investments analysed by the rating agency designations as at 31 December are as follows:

	2025	2024
Neither overdue nor credit-impaired		
Ratings		
– AAA	362,516,901	324,919,901
– AA– to AA+	3,394,822	4,116,141
– BB– to BB+	100,221	–
– unrated	16,506,212	11,184,822
Overdue and credit-impaired		
– unrated	–	720,631
Total	382,518,156	340,941,495

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(b) Market risk

Market risk refers to the risk of losses to the Group's activities arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices, stock prices and other factors. Market risk exists in both the Group's trading and non-trading activities. The market risk disclosed in this note does not include interest rate risk in the banking book. An analysis of interest rate risk in the banking book is set out in Note 45(c).

The board of directors is ultimately responsible for monitoring the Group's market risk to ensure that the Group has effectively identified, measured and monitored all types of market risk. The Risk and Internal Control Management Committee monitors the market risk management process within the scope authorised by the board of directors, which include review and approval of market risk management strategies, policies and procedures. The Group is primarily exposed to market risk in its financial markets business. The Financial Market Department is responsible for carrying out capital investments and transactions, as well as monitoring and managing the foreign exchange risk on a daily basis. The Asset and Liability Management Department is responsible for monitoring and managing the interest rate risk in bank account. The Risk Management Department is responsible for formulating the market risk management policies and procedures, as well as identifying, measuring and monitoring the Group's market risk.

Sensitivity analysis is a technique which assesses the sensitivity of the Group's overall risk profile and its risk profile for each period with reference to the interest rate risks for different maturities.

Scenario analysis is a multi-factor analysis method which assesses the impact of multiple factors interacting simultaneously, taking into consideration of the probabilities of various scenarios.

Foreign currency gap analysis is a technique which estimates the impact of foreign exchange rate movements on the Group's current profit or loss. The foreign currency gap mainly arises from the currency mismatch in the Group's on/off-balance sheet items.

Sensitivity gap analysis is a technique which estimates the impact of interest rate movements on the Group's current profit or loss. It is used to work out the gap between future cash inflows and outflows by categorising each of the Group's interest-bearing assets and interest-bearing liabilities into different periods based on repricing dates.

The results of stress testing are assessed against a set of forward-looking scenarios using stress moves in market variables. The results are used to estimate the impact on profit or loss.

Effective duration analysis is a technique which estimates the impact of interest rate movements by giving a weight to each period's exposure according to its sensitivity, calculating the weighted exposure, and summarising all periods' weighted exposures to estimate the non-linear impact of a change in interest rates on the Group's economic value.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(b) Market risk (Continued)

Foreign currency risk

The Group's currency risk mainly arises from foreign currency deposits with banks and other financial institutions. The Group manages currency risk by matching its foreign currency denominated assets with corresponding liabilities in the same currencies.

The Group's currency exposures as at the end of the reporting period are as follows:

	2025				Total (RMB equivalent)
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Assets					
Cash and deposits with the central bank	58,600,350	5,721	190	1,505	58,607,766
Deposits with banks and other financial institutions	34,352,874	888,514	1,264,090	50,052	36,555,530
Placements with banks and other financial institutions	51,999,017	215,289	–	–	52,214,306
Financial assets held under resale agreements	38,560,219	–	–	–	38,560,219
Loans and advances to customers	716,699,719	–	–	–	716,699,719
Financial investments	407,518,459	3,481,398	–	–	410,999,857
Lease receivables	67,209,287	–	–	–	67,209,287
Derivative financial assets	56,986	–	–	–	56,986
Others	33,327,003	42,565	20,143	–	33,389,711
Total assets	1,408,323,914	4,633,487	1,284,423	51,557	1,414,293,381
Liabilities					
Borrowing from the central bank	58,404,636	–	–	–	58,404,636
Deposits from banks and other financial institutions	78,075,854	1	–	–	78,075,855
Placements from banks and other financial institutions	64,752,787	–	–	–	64,752,787
Financial assets sold under repurchase agreements	25,420,353	210,928	–	–	25,631,281
Deposits from customers	981,152,774	117,505	468	18,646	981,289,393
Debt securities issued	92,650,704	–	–	–	92,650,704
Derivative financial liabilities	2,862	–	–	–	2,862
Others	13,854,397	281,208	24,834	–	14,160,439
Total liabilities	1,314,314,367	609,642	25,302	18,646	1,314,967,957
Asset-liability gap	94,009,547	4,023,845	1,259,121	32,911	99,325,424

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(b) Market risk (Continued)

Foreign currency risk (Continued)

The Group's currency exposures as at the end of the reporting period are as follows:
(continued)

	2024				Total (RMB equivalent)
	RMB	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	
Assets					
Cash and deposits with the central bank	65,818,647	7,690	496	1,599	65,828,432
Deposits with banks and other financial institutions	19,066,922	1,707,695	1,298,702	41,525	22,114,844
Placements with banks and other financial institutions	43,304,424	215,679	-	-	43,520,103
Financial assets held under resale agreements	23,797,451	-	-	-	23,797,451
Loans and advances to customers	697,845,196	-	-	-	697,845,196
Financial investments	409,618,841	3,927,993	305,950	-	413,852,784
Lease receivables	68,208,860	-	-	-	68,208,860
Derivative financial assets	21,565	-	-	-	21,565
Others	29,793,763	188,730	25,245	-	30,007,738
Total assets	1,357,475,669	6,047,787	1,630,393	43,124	1,365,196,973
Liabilities					
Borrowing from the central bank	44,035,508	-	-	-	44,035,508
Deposits from banks and other financial institutions	52,658,554	1	-	-	52,658,555
Placements from banks and other financial institutions	60,771,599	-	-	-	60,771,599
Financial assets sold under repurchase agreements	34,874,817	-	-	-	34,874,817
Deposits from customers	911,605,299	176,138	292	18,058	911,799,787
Debt securities issued	146,878,447	-	-	-	146,878,447
Derivative financial liabilities	174,230	-	-	-	174,230
Others	7,208,721	5,362,410	1,049,585	-	13,620,716
Total liabilities	1,258,207,175	5,538,549	1,049,877	18,058	1,264,813,659
Asset-liability gap	99,268,494	509,238	580,516	25,066	100,383,314

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(b) Market risk (Continued)

Foreign currency risk (Continued)

	2025 Increase/ (decrease)	2024 Increase/ (decrease)
Change in net profit and equity		
Up 100 basis points (“bps”) change of foreign exchange rate	39,869	8,361
Down 100 bps change of foreign exchange rate	(39,869)	(8,361)

The sensitivity analysis mentioned above is based on a static foreign exchange exposure profile of assets and liabilities and certain simplified assumptions as set out below:

- The foreign exchange sensitivity is the gain and loss recognised as a result of one hundred basis points fluctuation in the foreign currency exchange rates against RMB based on the closing rate of reporting date;
- The exchange rates against RMB for the US dollar and other foreign currencies change in the same direction simultaneously;
- All the position will be held and keep unchanged after maturity; and
- The analysis does not take into account the effect of risk management measures taken by the Group.

Due to the assumptions adopted, actual changes in the Group’s net profit and equity resulting from the increase or decrease in foreign exchange rates may vary from the estimated results of this sensitivity analysis.

(c) Interest rate risk in the banking book

Interest rate risk management Interest rate risk in the banking book refers to the risk that the economic value and overall earnings of the banking book may be subject to loss due to adverse movement in interest rates, term structure and other factors.

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

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

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

Repricing risk

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

The Asset and Liability Management Department is responsible for measuring, monitoring and managing interest rate risk. The Group regularly performs assessment on the interest rate repricing gap between the assets and liabilities that are sensitive to changes in interest rates and sensitivity analysis on the net interest income as a result of changes in interest rates. The primary objective of interest rate risk management is to minimise potential adverse effects on its net interest income or its inherent economic value caused by interest rate volatility.

Trading interest rate risk

Trading interest rate risk mainly arises from the financial markets business’ investment portfolios. Interest rate risk is monitored using the effective duration analysis method. The Group employs other supplementary methods to measure its interest rate sensitivity, which is expressed as changes in the investment portfolios’ fair value given a 100 basis points (1%) movement in the interest rates.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

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

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier:

	2025					Total
	Within three months	Three months to one year	One year to five years	More than five years	Non-interest bearing	
Assets						
Cash and deposits with the central bank	52,024,931	-	-	-	6,582,835	58,607,766
Deposits with banks and other financial institutions	34,694,263	1,823,502	-	-	37,765	36,555,530
Placements with banks and other financial institutions	20,259,095	24,444,461	7,067,662	-	443,088	52,214,306
Derivative financial assets	-	-	-	-	56,986	56,986
Financial assets held under resale agreements	38,551,140	-	-	-	9,079	38,560,219
Loans and advances to customers (Note (1))	172,848,577	289,356,307	103,896,433	133,841,327	16,757,075	716,699,719
Financial investments (Note (2))	41,561,251	53,554,151	143,535,626	167,007,987	5,340,842	410,999,857
Lease receivables (Note (3))	1,579,849	5,569,164	53,280,540	5,801,968	977,766	67,209,287
Others	-	-	-	-	33,389,711	33,389,711
Total assets	361,519,106	374,747,585	307,780,261	306,651,282	63,595,147	1,414,293,381
Liabilities						
Borrowing from the central bank	6,437,321	51,828,120	-	-	139,195	58,404,636
Deposits from banks and other financial institutions	12,898,307	64,715,000	2,500	-	460,048	78,075,855
Placements from banks and other financial institutions	17,845,819	46,074,233	440,000	-	392,735	64,752,787
Derivative financial liabilities	-	-	-	-	2,862	2,862
Financial assets sold under repurchase agreements	25,627,956	-	-	-	3,325	25,631,281
Deposits from customers	453,664,098	271,191,370	226,029,748	8,241,929	22,162,248	981,289,393
Debt securities issued	28,070,377	51,464,662	4,998,295	7,999,496	117,874	92,650,704
Others	224,035	513,337	1,534,067	721,644	11,167,356	14,160,439
Total liabilities	544,767,913	485,786,722	233,004,610	16,963,069	34,445,643	1,314,967,957
Asset-liability gap	(183,248,807)	(111,039,137)	74,775,651	289,688,213	29,149,504	99,325,424

The data presented in the above table includes information from the trading book.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

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

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

	2024					Total
	Within three months	Three months to one year	One year to five years	More than five years	Non-interest bearing	
Assets						
Cash and deposits with the central bank	63,992,951	-	-	-	1,835,481	65,828,432
Deposits with banks and other financial institutions	17,428,343	4,634,000	-	-	52,501	22,114,844
Placements with banks and other financial institutions	19,505,102	23,520,000	-	-	495,001	43,520,103
Derivative financial assets	-	-	-	-	21,565	21,565
Financial assets held under resale agreements	23,789,788	-	-	-	7,663	23,797,451
Loans and advances to customers (Note (1))	343,092,371	168,361,778	116,987,363	64,205,714	5,197,970	697,845,196
Financial investments (Note (2))	21,112,447	44,124,912	167,793,464	164,780,917	16,041,044	413,852,784
Lease receivables (Note (3))	3,799,444	20,038,098	42,290,305	2,081,013	-	68,208,860
Others	-	-	-	-	30,007,738	30,007,738
Total assets	492,720,446	260,678,788	327,071,132	231,067,644	53,658,963	1,365,196,973
Liabilities						
Borrowing from the central bank	16,813,371	26,979,839	-	-	242,298	44,035,508
Deposits from banks and other financial institutions	21,441,787	30,930,000	2,500	-	284,268	52,658,555
Placements from banks and other financial institutions	17,789,490	42,129,670	421,051	-	431,388	60,771,599
Derivative financial liabilities	-	-	-	-	174,230	174,230
Financial assets sold under repurchase agreements	34,865,190	-	-	-	9,627	34,874,817
Deposits from customers	419,169,112	222,834,459	242,630,697	4,800,000	22,365,519	911,799,787
Debt securities issued	44,414,028	89,260,175	4,997,335	7,999,564	207,345	146,878,447
Others	523,652	862,892	2,601,383	217,311	9,415,478	13,620,716
Total liabilities	555,016,630	412,997,035	250,652,966	13,016,875	33,130,153	1,264,813,659
Asset-liability gap	(62,296,184)	(152,318,247)	76,418,166	218,050,769	20,528,810	100,383,314

The data presented in the above table includes information from the trading book.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

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

Trading interest rate risk (Continued)

- (i) The following tables indicate the assets and liabilities as at 31 December by the expected next repricing dates or by maturity dates, depending on which is earlier: (continued)

Note:

- (1) As at 31 December 2025, for loans and advances to customers, the category “Within three months” includes overdue amounts (net of provision for impairment losses) of RMB14,737.42 million (2024: RMB11,546.66 million).
- (2) As at 31 December 2025, for financial investments, the category “Within three months” includes overdue amounts (net of provision for impairment losses) of RMB6,377.64 million (2024: RMB10,220.22 million).
- (3) As at 31 December 2025, for lease receivables, the category “Within three months” includes overdue amounts (net of provision for impairment losses) of RMB13.15 million (2024: RMB535.65 million).

- (ii) Interest rate sensitivity analysis

	2025 (Decrease)/ increase	2024 (Decrease)/ increase
Changes in net profit		
Up 100 bps parallel shift in yield curves	(1,514,868)	(973,595)
Down 100 bps parallel shift in yield curves	1,514,868	973,595

	2025 (Decrease)/ increase	2024 (Decrease)/ increase
Changes in equity		
Up 100 bps parallel shift in yield curves	(4,779,952)	(3,151,047)
Down 100 bps parallel shift in yield curves	4,903,329	3,403,810

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

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

Trading interest rate risk (Continued)

(ii) Interest rate sensitivity analysis (continued)

The sensitivity analysis above is based on a static interest rate risk profile of the Group's assets and liabilities. This analysis measures only the impact of changes in interest rates within one year, showing how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The effect of equity is the effect of the assumed changes in interest rates on the Group's net interest income and OCI, calculated by revaluing financial investments at FVOCI and loans and advances to customers measured at FVOCI held at year end. The sensitivity analysis is based on the following assumptions:

- Interest rate movements at the end of each of the reporting period apply to non-derivative financial instruments of the Group;
- At the end of each reporting period, an interest rate movement of 100 bps is based on the assumption of interest rates movement over the next 12 months;
- There is a parallel shift in the yield curve with the changes in interest rates;
- There are no other changes to the assets and liabilities portfolio;
- Other variables (including exchange rates) remain unchanged; and
- The analysis does not take into account the effect of risk management measures taken by the management.

Due to the adoption of the aforementioned assumptions, the actual changes in the Group's net profit or loss and equity caused by an increase or decrease in interest rates might vary from the estimated results of this sensitivity analysis.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(d) Liquidity risk

Liquidity risk is the risk that a commercial bank is unable to obtain funds on a timely basis or obtain funds at a reasonable cost to sustain its asset business or meet repayment obligations. This risk exists even if a bank's solvency remains strong. In accordance with liquidity policies, the Group monitors the future cash flows and maintains an appropriate level of highly liquid assets.

The Asset and Liability Management Committee ("ALMC") is responsible for managing the Group's overall liquidity risk. The ALMC is responsible for the formulation of the liquidity policies in accordance with regulatory requirements and prudential principles. Such policies include:

- Maintaining liquidity at a stable and sufficient level; establishing integrated liquidity risk management system; ensuring the meeting on a timely basis of liquidity requirements and the payment of assets, liabilities, and off-balance sheet business, whether under a normal operating environment or a state of stress; balancing the effectiveness and security of funds in an efficient manner; and
- Making timely and reasonable adjustments to capital structure and scale in response to market changes and business developments; pursuing profit maximisation and cost minimisation to a modest extent while ensuring appropriate liquidity; achieving the integration of the security, liquidity, and effectiveness of the Bank's funds.

The Asset and Liability Management Department takes the lead to execute liquidity management policies and is responsible for formulating and revising the liquidity management strategies, and for identifying, measuring, monitoring and releasing the liquidity risk of the Bank. It is also responsible for managing and forecasting the working capital on a regular basis and ensuring the liquidity of working capital meets management requirements based on the liquidity strategies. The Finance Market Department is responsible for performing the operation following the instructions of the Asset and Liability Management Department. Significant disbursement or portfolio changes must be reported to the ALMC on a timely basis.

A substantial portion of the Group's assets are funded by deposits from customers. These deposits from customers, which have been growing in recent years, are widely diversified in terms of type and duration and represent a stable source of funds.

The Group principally uses liquidity gap analysis to measure liquidity risk. Scenario analysis and stress testing are also adopted to assess the impact of liquidity risk.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(d) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment as at 31 December:

	2025							Total
	Indefinite (Note (i))	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	49,290,605	9,293,093	-	24,068	-	-	-	58,607,766
Deposits with banks and other financial institutions	-	27,677,978	2,646,404	4,398,473	1,832,675	-	-	36,555,530
Placements with banks and other financial institutions	-	-	7,637,720	12,900,593	24,607,527	7,068,466	-	52,214,306
Derivative financial assets	-	-	54,676	327	1,983	-	-	56,986
Financial assets held under resale agreements	-	-	38,560,219	-	-	-	-	38,560,219
Loans and advances to customers	10,639,114	6,380,542	56,852,389	76,108,225	216,662,428	158,587,418	191,469,603	716,699,719
Financial investments	22,828,899	22,441	8,145,003	11,812,483	54,763,999	147,328,388	166,098,644	410,999,857
Lease receivables	260,900	467,896	775,300	1,751,940	5,471,518	52,716,178	5,765,555	67,209,287
Others	33,080,336	-	52,350	25,297	96,650	128,515	6,563	33,389,711
Total assets	116,099,854	43,841,950	114,724,061	107,021,406	303,436,780	365,828,965	363,340,365	1,414,293,381
Liabilities								
Borrowing from the central bank	-	-	3,505,378	2,934,504	51,964,754	-	-	58,404,636
Deposits from banks and other financial institutions	-	3,422,735	857,250	8,697,885	65,095,382	2,603	-	78,075,855
Placements from banks and other financial institutions	-	-	7,185,511	10,835,852	46,290,781	440,643	-	64,752,787
Derivative financial liabilities	-	-	277	427	2,158	-	-	2,862
Financial liabilities at FVPL	-	45,788	-	-	-	-	-	45,788
Financial assets sold under repurchase agreements	-	-	25,460,466	170,815	-	-	-	25,631,281
Deposits from customers	-	266,149,532	79,312,201	115,383,137	277,864,570	234,308,709	8,271,244	981,289,393
Debt securities issued	-	-	4,066,576	24,003,801	51,582,536	4,998,295	7,999,496	92,650,704
Others	-	11,124,136	138,330	157,432	637,293	1,934,194	123,266	14,114,651
Total liabilities	-	280,742,191	120,525,989	162,183,853	493,437,474	241,684,444	16,394,006	1,314,967,957
Long/(short) position	116,099,854	(236,900,241)	(5,801,928)	(55,162,447)	(190,000,694)	124,144,521	346,946,359	99,325,424

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(d) Liquidity risk (Continued)

The following tables provide an analysis of assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment as at 31 December: (continued)

	2024							Total
	Indefinite (Note (i))	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years	
Assets								
Cash and deposits with the central bank	45,104,794	20,700,860	-	22,778	-	-	-	65,828,432
Deposits with banks and other financial institutions	-	10,480,844	3,402,500	3,597,500	4,634,000	-	-	22,114,844
Placements with banks and other financial institutions	-	-	4,746,066	15,057,306	23,716,731	-	-	43,520,103
Derivative financial assets	-	-	-	-	10,068	11,497	-	21,565
Financial assets held under resale agreements	-	-	23,797,451	-	-	-	-	23,797,451
Loans and advances to customers	10,311,608	4,682,789	59,510,836	80,083,891	201,370,702	160,084,653	181,800,717	697,845,196
Financial investments	12,073,797	639,750	5,923,438	15,719,841	45,117,577	171,627,253	162,751,128	413,852,784
Lease receivables	334,991	205,698	500,613	813,910	5,953,001	53,020,887	7,379,760	68,208,860
Others	28,571,217	-	63,199	26,295	196,974	272,748	877,305	30,007,738
Total assets	96,396,407	36,709,941	97,944,103	115,321,521	280,999,053	385,017,038	352,808,910	1,365,196,973
Liabilities								
Borrowing from the central bank	-	921	5,839,723	11,156,303	27,038,561	-	-	44,035,508
Deposits from banks and other financial institutions	-	3,103,055	11,413,000	7,210,000	30,930,000	2,500	-	52,658,555
Placements from banks and other financial institutions	-	-	7,187,495	10,765,494	42,391,064	427,546	-	60,771,599
Derivative financial liabilities	-	-	-	149,929	8,641	15,660	-	174,230
Financial assets sold under repurchase agreements	-	-	34,874,817	-	-	-	-	34,874,817
Deposits from customers	-	243,441,809	80,802,357	105,473,291	228,428,648	248,853,682	4,800,000	911,799,787
Debt securities issued	-	-	7,662,896	36,751,132	89,349,647	5,026,102	8,088,670	146,878,447
Others	-	9,472,949	212,359	292,219	836,477	2,589,401	217,311	13,620,716
Total liabilities	-	256,018,734	147,992,647	171,798,368	418,983,038	256,914,891	13,105,981	1,264,813,659
Long/(short) position	96,396,407	(219,308,793)	(50,048,544)	(56,476,847)	(137,983,985)	128,102,147	339,702,929	100,383,314

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(d) Liquidity risk (Continued)

Note:

- (i) Cash and deposits with the central bank listed in the category of indefinite represents the statutory deposit reserves and fiscal deposits with the central bank. Loans and advances to customers and lease receivables listed in the category of indefinite includes all the credit-impaired loans and lease receivables, as well as those overdue more than one month. Loans and advances to customers and lease receivables with no impairment but overdue within one month are classified into the category of recoverable on demand. Financial investments listed in the category of indefinite represents credit-impaired investments or those overdue more than one month. Financial investments with no impairment but overdue within one month are classified into the category of recoverable on demand. Equity investments are listed in the category of indefinite.

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and loan commitments as at 31 December:

	2025							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Borrowing from the central bank	58,404,636	58,929,312	-	3,506,317	3,074,786	52,348,209	-	-
Deposits from banks and other financial institutions	78,075,855	78,719,570	3,422,861	859,078	8,726,156	65,708,767	2,708	-
Placements from banks and other financial institutions	64,752,787	65,434,804	-	7,205,455	10,949,694	46,815,964	463,691	-
Financial liabilities at FVPL	45,788	45,788	45,788	-	-	-	-	-
Financial assets sold under repurchase agreements	25,631,281	25,636,134	-	25,464,980	171,154	-	-	-
Deposits from customers	981,289,393	996,235,798	266,149,532	79,535,865	115,918,431	280,872,475	243,412,259	10,347,236
Debt securities issued	92,650,704	94,923,915	-	4,070,000	24,080,130	52,164,785	5,857,000	8,752,000
Lease liabilities	478,293	494,209	-	11,916	680	31,812	393,010	56,791
Total non-derivative financial liabilities	1,301,328,737	1,320,419,530	269,618,181	120,653,611	162,921,031	497,942,012	250,128,668	19,156,027
Loan commitments	-	20,254,193	-	20,254,193	-	-	-	-

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(d) Liquidity risk (Continued)

The following tables provide an analysis of the contractual undiscounted cash flow of the non-derivative financial liabilities and loan commitments as at 31 December: (continued)

	2024							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Non-derivative financial liabilities								
Borrowing from the central bank	44,035,508	44,040,034	921	5,840,410	11,158,164	27,040,539	-	-
Deposits from banks and other financial institutions	52,658,555	53,011,576	3,103,055	11,424,499	7,239,312	31,242,035	2,675	-
Placements from banks and other financial institutions	60,771,599	61,451,928	-	7,194,253	10,815,333	43,000,698	441,644	-
Financial assets sold under repurchase agreements	34,874,817	34,880,140	-	34,880,140	-	-	-	-
Deposits from customers	911,799,787	933,163,574	243,441,809	80,984,395	105,873,619	230,812,288	266,753,449	5,298,014
Debt securities issued	146,878,447	150,524,500	-	7,670,000	36,910,000	90,749,500	5,315,000	9,880,000
Lease liabilities	477,429	482,265	-	28,036	23,697	159,514	247,051	23,967
Total non-derivative financial liabilities	1,251,496,142	1,277,554,017	246,545,785	148,021,733	172,020,125	423,004,574	272,759,819	15,201,981
Loan commitments	-	16,178,421	-	16,178,421	-	-	-	-

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(d) Liquidity risk (Continued)

The following tables analyse the Group's contractual undiscounted cash flows of derivative financial instruments to be settled on a net and gross basis as at the end of the reporting period:

	2025							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Derivatives settled on net basis								
Foreign exchange forwards	54,602	55,430	-	55,430	-	-	-	-
Interest rate swaps	(478)	(944)	-	(797)	(20)	(127)	-	-
Total	54,124	54,486	-	54,633	(20)	(127)	-	-

	2024							
	Carrying amount	Contractual undiscounted cash flow	On demand	Within one month	Between one month and three months	Between three months and one year	Between one year and five years	More than five years
Derivatives settled on net basis								
Foreign exchange forwards	(149,929)	(151,357)	-	(151,357)	-	-	-	-
Interest rate swaps	(2,736)	(4,743)	-	(635)	418	(2,669)	(1,857)	-
Total	(152,665)	(156,100)	-	(151,992)	418	(2,669)	(1,857)	-

The Group's derivatives include foreign exchange forwards and interest rate swaps which will be settled on a net basis.

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

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

45 Risk management (Continued)

(e) Operational risk

Operational risk refers to the risk of losses associated with internal processes deficiencies, personnel mistakes and information technology system failures, or impact from other external events.

The Group establishes a framework of policies and procedures to identify, assess, measure, control, manage and report operational risk. The framework covers all business functions ranging from corporate banking, retail banking, trading, corporate finance, settlement, intermediary business, asset management and all supporting functions, including human resource management, financial management, legal affairs, anti-money laundering and administration management. The key elements of the framework are listed as below:

- A multi-level operational risk management framework with segregation of duties between front and back offices under the leadership of senior management;
- A series of operational risk management policies covering all businesses on the basis of core operational risk management policy;
- An emergency plan and a business continuity system designed to deal with emergent and adverse circumstances, including public relation issues, natural disasters, IT system errors, bank runs, robberies, etc.;
- An evaluation system on the operational risk management as well as an inquiry and disciplinary system on the non-compliance issues; and
- An independent risk assessment framework based on the internal audit and the compliance review.

(f) Transfers of financial assets

In 2025, the Group transferred the non-performing financial assets amounted to RMB3,903.35 million to third parties.

In respect of the above transfer of non-performing financial assets, the Group assessed the transfer of risks and rewards and concluded that the transferred financial assets met the criteria for derecognition. Accordingly, the Group derecognised the financial assets transferred.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Fair value

(a) Methods and assumptions for measurement of fair value

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

(i) Debt securities and equity investments

The fair values of debt securities and equity investments that are traded in an active market are based on their quoted market prices in an active market at the end of each reporting period.

(ii) Investments and other non-derivative financial assets

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

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

Fair values of debt securities issued are based on their quoted market prices at the end of the reporting period, or the present value of estimated future cash flows. The fair values of other non-derivative financial liabilities are valued at the present value of estimated future cash flows. The discount rates are based on the market interest rates at the end of the reporting period. The Group has established policies and internal controls with respect to the measurement of fair values, specifying the framework of fair value measurement of financial instruments, fair value measurement methodologies and procedures.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Fair value (Continued)

(a) Methods and assumptions for measurement of fair value (Continued)

(iv) *Derivative financial liabilities*

The fair values of foreign currency forward and swaps contracts are determined by the difference between the present value of the forward price and the contractual price at the end of the reporting period, or is based on quoted market prices. The fair values of interest rate swaps are estimated as the present value of estimated future cash flows.

(b) Fair value measurement

(i) *Financial assets*

The Group's financial assets mainly consist of cash and deposits with the central bank, receivables with banks and other financial institutions, loans and advances to customers, lease receivables and financial investments.

Deposits with the central bank and receivables with banks and other financial institutions are mostly priced at market interest rates and due within one year. Accordingly, the carrying amounts approximate the fair values.

The majority of loans and advances measured at amortised cost and lease receivables are priced with reference to the Loan Prime Rate and are repriced at least annually based on prevailing market interest rates. Accordingly, the carrying amounts of these loans and advances approximate their fair values.

The fair values of loans and advances to customers measured at FVOCI are based on valuation techniques.

Financial investments at FVOCI and financial investments at FVPL are stated at fair value.

The following tables set out the differences between the fair values and carrying amounts of financial assets as at 31 December 2025 and 31 December 2024.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Fair value (Continued)

(b) Fair value measurement (Continued)

(i) Financial assets (Continued)

	2025				
	Carrying amounts	Level 1	Fair value		Total
			Level 2	Level 3	
Financial investments at amortised cost	245,936,055	–	237,341,120	18,471,283	255,812,403

	2024				
	Carrying amounts	Level 1	Fair value		Total
			Level 2	Level 3	
Financial investments at amortised cost	239,593,383	–	228,160,246	26,315,179	254,475,425

(ii) Financial liabilities

The Group's financial liabilities mainly include payables to banks and other financial institutions, deposits from customers and subordinated debt securities issued.

Financial liabilities designated at FVPL is presented with fair value. The carrying amount and fair value of debt securities issued are disclosed in Note 34. The carrying amounts of other financial liabilities approximate their fair value.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Fair value (Continued)

(c) Fair value hierarchy

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

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

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

Level 3: Fair value measured using significant unobservable inputs

If there is a reliable market quote for financial instruments, the fair value of financial instruments is based on quoted market prices. If a reliable quoted market price is not available, the fair value of the financial instruments is estimated using valuation techniques. Valuation techniques applied include reference to the fair value of another instrument that is substantially the same and discounted cash flow analysis. The inputs used in valuation techniques include risk-free and benchmark interest rate, and credit spreads. Where discounted cash flow analysis is used, estimated cash flows are based on management's best estimates and the discount rate used is reference to another instrument that is substantially the same.

	2025			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Assets				
Financial investments at FVPL	33,729	54,848,118	646,604	55,528,451
Derivative financial assets	–	56,986	–	56,986
Financial investments at FVOCI	–	109,412,393	122,958	109,535,351
Loans and advances to customers measured at FVOCI	–	63,317,886	–	63,317,886
Total	33,729	227,635,383	769,562	228,438,674
Liabilities				
Derivative financial liabilities	–	2,862	–	2,862
Financial liabilities at FVPL	–	45,788	–	45,788
Total	–	48,650	–	48,650

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Fair value (Continued)

(c) Fair value hierarchy (Continued)

	2024			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Assets				
Financial investments at FVPL	24,278	84,297,093	615,472	84,936,843
Derivative financial assets	–	21,565	–	21,565
Financial investments at FVOCI	–	89,167,504	155,054	89,322,558
Loans and advances to customers measured at FVOCI	–	59,669,278	–	59,669,278
Total	24,278	233,155,440	770,526	233,950,244
Liabilities				
Derivative financial liabilities	–	174,230	–	174,230
Total	–	174,230	–	174,230

During the years ended 31 December 2025 and 2024, there were no significant transfers among instruments in Level 1, Level 2 and Level 3.

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

46 Fair value (Continued)

(c) Fair value hierarchy (Continued)

Movement of Level 3 fair value measurements of financial assets is as follows:

	2025	
	Financial investments at FVPL	Financial investments at FVOCI
As at 1 January 2025	615,472	155,054
Total fair value changes recognised in		
– Profit or loss	26,859	–
– OCI	–	(32,096)
Addition	4,273	–
As at 31 December 2025	646,604	122,958

	2024	
	Financial investments at FVPL	Financial investments at FVOCI
As at 1 January 2024	43,754	155,054
Additions	571,914	–
Disposals and settlements	(196)	–
As at 31 December 2024	615,472	155,054

47 Entrusted lending business

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

	2025	2024
Entrusted loans	58,564,111	15,639,130
Entrusted funds	58,564,111	15,639,130

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

48 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of loan commitments, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loan commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

	2025	2024
Bank acceptances	87,501,131	77,847,769
Letters of credit	34,085,366	34,866,484
Loan commitments	20,254,193	16,178,421
Letters of guarantees	3,921,047	2,783,709
Total	145,761,737	131,676,383

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

(b) Capital commitments

As at 31 December the Group's authorised capital commitments are as follows:

	2025	2024
Contracted but not paid for	347,818	441,551

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

48 Commitments and contingent liabilities (Continued)

(c) Outstanding litigations and disputes

As at 31 December 2025, the Group was the defendant in certain pending litigation and disputes with estimated gross amounts of RMB602.59 million (2024: RMB1,437.48 million). The Group recognised the related litigation provision based on the board of directors' best estimates.

49 Statement of financial position of the Bank

	Note	2025	2024
ASSETS			
Cash and deposits with the central bank		56,435,851	63,017,769
Deposits with banks and other financial institutions		29,688,419	14,494,319
Placements with banks and other financial institutions		57,113,854	48,631,192
Derivative financial assets		56,986	21,565
Financial assets held under resale agreements		38,260,219	23,797,451
Loans and advances to customers		707,430,746	682,656,858
Financial investments:			
– Financial investments at FVPL		53,455,321	84,919,522
– Financial investments at FVOCI		108,777,535	88,254,922
– Financial investments at amortised cost		245,936,055	239,593,383
Investments in subsidiaries, associate and joint venture	23	9,509,677	9,908,316
Property and equipment		6,846,349	7,044,774
Deferred tax assets		12,503,365	10,438,344
Goodwill		1,479,667	1,479,667
Other assets		5,721,775	6,212,279
TOTAL ASSETS		1,333,215,819	1,280,470,361

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

49 Statement of financial position of the Bank (Continued)

	2025	2024
LIABILITIES AND EQUITY		
Liabilities		
Borrowing from the central bank	58,399,636	43,944,007
Deposits from banks and other financial institutions	80,177,946	56,930,463
Placements from banks and other financial institutions	7,391,756	7,260,642
Derivative financial liabilities	2,862	174,230
Financial assets sold under repurchase agreements	23,780,413	34,874,817
Deposits from customers	965,710,428	885,020,561
Debt securities issued	92,918,789	147,148,447
Other liabilities	10,116,704	9,603,719
Total liabilities	1,238,498,534	1,184,956,886
Equity		
Share capital	36,549,823	36,549,823
Other equity instruments	12,998,937	13,998,937
Reserves	40,931,953	40,369,055
Retained earnings	4,236,572	4,595,660
Total equity	94,717,285	95,513,475
TOTAL LIABILITIES AND EQUITY	1,333,215,819	1,280,470,361

Notes to the consolidated financial statements

(Expressed in thousands of Renminbi, unless otherwise stated)

50 Possible impacts of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2025

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial Instruments</i> and IFRS 7, <i>Financial Instruments: Disclosure – Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9, <i>Financial Instruments</i> and IFRS 7, <i>Financial Instruments: Disclosure – Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IAS 21, <i>The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for the new IFRS Accounting Standard mentioned below, the directors of the Bank anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

51 Comparative figures

Certain comparative figures have been re-presented in order to conform to the current year's presentation.

Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

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

1 Liquidity coverage ratio, liquidity ratio and leverage ratio

Liquidity coverage ratio

	31 December 2025	Average for the year ended 2025
Qualified high-quality liquid assets	181,992,786	–
Net cash outflow	46,510,944	–
Liquidity coverage ratio (RMB and foreign currency)	391.29%	333.49%

	31 December 2024	Average for the year ended 2024
Qualified high-quality liquid assets	208,435,072	–
Net cash outflow	70,563,650	–
Liquidity coverage ratio (RMB and foreign currency)	295.39%	304.05%

Pursuant to the Administrative Measures for Liquidity Risk Management of Commercial Banks (Provisional), the liquidity coverage ratio of commercial banks shall reach 100% by the end of 2018. During the transitional period, such ratio shall reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017, respectively.

Liquidity ratio

	31 December 2025	31 December 2024
Liquidity ratio	47.41%	45.76%

Leverage ratio

	31 December 2025	31 December 2024
Leverage ratio	6.21%	6.67%

The Group has calculated the Leverage Ratio in accordance with the Administrative Measures for the Capital of Commercial Banks issued by the National Financial Regulatory Administration since 1 January 2024.

Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

2 Net stable funding ratio

	31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2024
Available stable funding	918,794,533	911,964,075	894,990,169	871,058,696	849,027,533
Required stable funding	708,204,648	707,171,390	700,406,208	694,572,851	678,784,217
Net stable funding ratio	129.74%	128.96%	127.78%	125.41%	125.08%

3 Currency concentrations

	31 December 2025			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	4,633,487	1,284,423	51,557	5,969,467
Spot liabilities	(609,642)	(25,302)	(18,646)	(653,590)
Net long position	4,023,845	1,259,121	32,911	5,315,877

	31 December 2024			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total (RMB equivalent)
Spot assets	6,047,787	1,630,393	43,124	7,721,304
Spot liabilities	(5,538,549)	(1,049,877)	(18,058)	(6,606,484)
Net long position	509,238	580,516	25,066	1,114,820

The Group has no structural position at the end of reporting period.

4 International claims

The Bank regards all claims on third parties outside Mainland China as international claims.

International claims include amounts due from banks and other financial institutions and financial investments.

A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose Head Office is located in another country.

Unaudited Supplementary Financial Information

(Expressed in thousands of Renminbi, unless otherwise stated)

4 International claims (Continued)

	31 December 2025			
	Banks and other financial institutions	Public sector entities	Non-bank private sectors	Total
Asia Pacific	17,432	–	5,615,244	5,632,676
North America	387,953	–	–	387,953
Others	4,471	–	–	4,471
	409,856	–	5,615,244	6,025,100

	31 December 2024			
	Banks and other financial institutions	Public sector entities	Non-bank private sectors	Total
Asia Pacific	15,781	–	5,744,640	5,760,421
North America	229,606	–	–	229,606
Others	4,290	–	–	4,290
	249,677	–	5,744,640	5,994,317

5 Gross amount of overdue loans and advances

	31 December 2025	31 December 2024
Gross loans and advances which have been overdue with respect to either principal or interest for periods of		
– between 3 and 6 months (inclusive)	1,397,070	1,136,056
– between 6 months and 1 year (inclusive)	1,542,533	4,481,164
– over 1 year	8,909,961	7,993,084
Total	11,849,564	13,610,304
As a percentage of total gross loans and advances		
– between 3 and 6 months (inclusive)	0.19%	0.16%
– between 6 months and 1 year (inclusive)	0.21%	0.63%
– over 1 year	1.21%	1.11%
Total	1.61%	1.90%

Definitions

“AB Leasing”	AB Leasing Co., Ltd. (邦銀金融租賃股份有限公司), a joint stock company incorporated in the PRC with limited liability and a subsidiary of the Bank
“Articles of Association” or “Bank’s Articles of Association”	articles of association of the Bank as may be amended, supplemented or otherwise modified from time to time
“Bank”, “we”, “us”, “Company” or “Zhongyuan Bank”	Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司), a joint stock company established on December 23, 2014 in the PRC with limited liability pursuant to the relevant PRC laws and regulations, and, if the context requires, includes its predecessors, branches and sub-branches and all subsidiaries
“Board” or “Board of Directors”	the board of Directors of the Bank
“Board of Supervisors”	the board of Supervisors of the Bank
“BOL Financial Leasing”	BOL Financial Leasing Co., Ltd. (洛銀金融租賃股份有限公司), a joint stock company incorporated in the PRC with limited liability and a subsidiary of the Bank
“CBIRC”	China Banking and Insurance Regulatory Commission, a former name of the National Financial Regulatory Administration
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region and Taiwan of the PRC
“Consumer Finance Company”	Henan Zhongyuan Consumer Finance Co., Ltd. (河南中原消費金融股份有限公司), a joint stock company established in the PRC on December 29, 2016 and a joint venture of our Bank
“Corporate Governance Code”	the Code on Corporate Governance under Appendix C1 to the Hong Kong Listing Rules
“Directors”	directors of the Bank
“Domestic Shares”	ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“H Shares”	ordinary shares issued by the Bank with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Henan Financial Regulatory Bureau”	the Henan Regulatory Bureau of the National Financial Regulatory Administration
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

Definitions

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“PBOC” or “Central Bank”	The People’s Bank of China (中國人民銀行)
“Reporting Period”	for the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	the holder(s) of the Shares of the Bank
“Shares”	ordinary shares in the share capital of the Bank with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
“Supervisor(s)”	supervisor(s) of the Bank